PUBLIC EMPLOYEE RETIREMENT SYSTEMS OF IDAHO
607 North 8th Street, Boise, Idaho 83702

RETIREMENT BOARD MEETING MINUTES

A regular meeting of the Board of the Public Employee Retirement System of Idaho was held at 607 North 8th Street, Boise Idaho starting at 8:33 a.m., August 4th, 2026.

Members Present:
Jeff Cilek
Park Price
Darin DeAngeli
Lori Wolff

Staff Present:
Michael Hampton
Alex Simpson
Richelle Sugiyama
Chris Brechbuhler
Mike Anderson

Guests:
Ryan Cook - Milliman
Aaron Chochon, Brent Banister – CavMac
Paul Yett, Mario Giannini – Hamilton Lane
Andrew Yurkewych, Dane Smith – State Street

Legal Counsel:
Elisa Magnuson

Absent:
Josh Whitworth

At 8:33 a.m., Chairman Cilek called the meeting to order.

Consent Agenda

Chairman Cilek presented the consent agenda for approval. Trustee Price moved to approve the consent agenda, Trustee Wolff seconded the motion, and the motion passed.

Board Action Items

Line of Duty Benefit Experience Study presented by Milliman

Ryan Cook presented the Line of Duty Benefit Experience Study and a cost analysis f the recently enacted catastrophic line of duty benefit enhancement. HB 642 repealed and replaced 59-1361A by moving its employer funded requirement to 59-1352B (9). The bill also included a catastrophic death benefit into 59-1352B and added an additional $400K to the death benefit previously offered as well as the annual $75K benefit for surviving spouse. This additional benefit is to be funded entirely by employees.

From these two studies, three recommended actions were considered:

(1) Adopt all new assumptions which will result in lowering the employer only contribution rates from 0.10% to 0.01% and lowering employee only contribution rates from 0.36% to 0.18%.
(2) Adopt LOD Death Benefit Cost Analysis, resulting in the implementation of an additional 0.14% employee only contribution. The result of this will be an increase to the employee only contribution rate from 0.18% to 0.32%.
(3) Optional action to increase the shared contribution rate by 0.13% from 23.88% to 24.01%. This results in the total employer contribution rate decreasing by 0.01% and total member contribution rates increasing by 0.01% but total contribution rate would remain at 24.34%.

Trustee Price moved to approve the three recommended actions as proposed, Trustee Wolff seconded, and the motion passed.

2027 Proposed Board Meeting Dates
Michael Hampton presented the proposed 2027 Board meeting dates, with noted conflicts in June and October.

Trustee Price moved to adopt the proposed 2027 Board meeting dates. Trustee Wolff seconded, and the motion passed.

Board Information Items

Asset Smoothing Options and Impact presented by CavMac
Aaron Chochon and Brent Banister presented asset smoothing methods, summarizing reasoning for adopting such a practice and common methods of asset smoothing. They discussed the benefits and challenges of different smoothing methods, including the impact of smoothing on Board decision making and communication with the public.

The Board agreed to continue gathering information and comparing methodologies.

Charter School Legislation Impact
Michael Hampton discussed the history of charter schools on PERSI and legislative changes since the inception of charter school statutes. He discussed options available to the Board, to offset any unfunded liability that could arise from closures.

The Board asked for a study regarding the effect on the fund in creating a separate class for charter schools and to continue to explore other options for possible use in covering unfunded liabilities.

Board Consultant and Staff Reports

Directors Report
Michael Hampton provided an update on planned activities and annual decision-making items. He reported on a meeting he had with the City of Boise where they requested longer forecasting because year-to-year decisions are making it problematic for them while building their budgets. They stated they would appreciate it if the annual Board decision came earlier in the year so they could prepare their budget accordingly.

Future planned Board activities include:

- Actuarial valuations are not ready for review at the current meeting but will be available prior to the November Board meeting.
- Contribution rate setting is typically reviewed in late summer or early fall, with decisions made in October or November timeframe.
- Post-retirement allowance adjustments discussion will occur after the August CPI release, which is scheduled for September 11, 2026.
- The annual Choice Plan review is scheduled for the November Board meeting.

General Counsel Annual Litigation Update
Elisa Magnuson reported that PERSI is not currently involved in any active litigation matters and has one pending disability matter with the Office of Administrative Hearings. She also reported that PERSI has received two federal criminal garnishment writs in the past month.

CIO Report
Richelle Sugiyama noted the investment report was included in the consent agenda. She mentioned that the fiscal year end return underperformed the strategic policy primarily due to

private market exposure and active management. She also reported that Callan will present their quarterly performance evaluation in November.

Paul Yett and Mario Giannini of Hamilton Lane gave a presentation on the private equity portfolio performance. Mario highlighted the strong influence of AI on public and private markets. Mario discussed the state of the private credit market and noted that asset quality remains strong, liquidity issues are limited to certain semi-liquid vehicles, and that banks are re-entering the market. Paul reported on Q1 2026 performance and provided an overview of PERSI's private equity portfolio.

Andrew Yurkewych and Dane Smith of State Street presented an update on the capital markets and current conditions. Andrew gave a brief overview of the PERSI relationship while Dane discussed US exceptionalism, AI-driven performance, risks of concentration including views on equities, fixed income, and private credit.

Executive Session:

At 11:30 a.m. Chairman Cilek made a request for motion to enter executive session in accordance with Idaho Code § 74-206 (1)(b). Trustee Price moved to enter executive session and Trustee Wolff seconded the motion, which passed unanimously. Upon conclusion of the executive session at 1:05 p.m., Trustee Price moved to return to regular session, Trustee Wolff seconded the motion, which passed unanimously.

Adjournment: With no further business to discuss, the Board adjourned at 1:05 p.m.

PERSI Investment Report

Unaudited gross of fee returns as of: **September 2026**

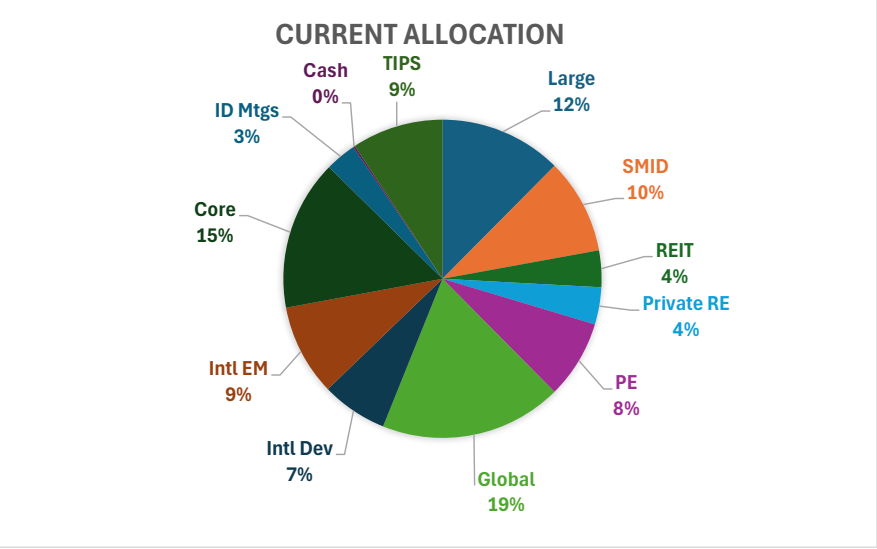
Current MV	$ 28,635,324,513	FYTD Return	-0.2%
Last FY-end MV	$ 28,834,881,052	MTD Return	-2.8%

Performance Summary

Long-Term Actuarial Investment Return Assumption (2025): 6.5%

	MTD	FYTD	3 Year	5 Year	10 Year	20 Year
Total Fund	-2.8%	-0.2%	12.1%	6.1%	8.7%	7.2%
Strategic Policy	-1.6%	-0.1%	14.1%	7.0%	8.8%	7.3%
Long-Term (Broad 55-30-15)	-1.7%	-0.2%	16.1%	8.2%	9.9%	8.2%
Dom Equity	-3.2%	1.3%	14.7%	9.0%	12.2%	9.1%
Russell 3000	-0.8%	1.4%	22.3%	12.6%	14.7%	11.0%
U.S. Equity	-3.5%	-0.2%	19.5%	10.2%	13.2%	10.5%
Private RE	0.1%	2.6%	0.4%	4.1%	7.1%	4.2%
PE	0.0%	6.3%	8.4%	8.6%	13.8%	10.9%
Global Equity	-4.6%	1.2%	14.9%	9.0%	11.8%	7.9%
Int'l Equity	-2.3%	-0.1%	18.3%	7.6%	8.2%	5.8%
MSCI EAFE Net	-3.1%	0.8%	18.4%	9.3%	9.1%	5.4%
Fixed Income	-2.5%	-3.3%	4.3%	-0.2%	1.8%	3.5%
Aggregate	-2.6%	-3.5%	4.1%	-0.6%	1.1%	2.9%

Asset Allocation



		MV $	Alloc %	Strategic %
Large	$	3,560	12%	13%
SMID	$	2,777	10%	8%
REIT	$	1,066	4%	4%
Private RE	$	1,083	4%	4%
PE	$	2,273	8%	8%
Global	$	5,303	19%	18%
Intl Dev	$	1,921	7%	6%
Intl EM	$	2,659	9%	9%
Core	$	4,376	15%	20%*
ID Mtgs	$	904	3%	
Cash	$	54	0%	
TIPS	$	2,659	9%	10%
Total Fund	$	28,635	100%	100%

*20% Aggregate = Core/ID Mtgs/Cash

All performance greater than 1 year is annualized.

PERSI Choice Plan Summary — Sep 2026

Performance - Net of fees

blue = outperform by 50 bp; **red** = underperform by 50 bp *(*Annualized)*

		Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Balanced						
PERSI Total Return Fund [α]	n/a	**-2.9%**	**-0.3%**	**7.9%**	**11.8%**	**5.8%**
Strategic Policy [☆]		-1.6%	-0.1%	10.5%	14.1%	7.0%
Broad Target *(55% R3000, 15% MSCI EAFE, 30% BCAgg)*		-1.7%	-0.2%	10.1%	16.1%	8.2%
Calvert Balanced Fund [1]**	CBARX	**-1.3%**	**-0.6%**	**5.4%**	**14.7%**	**7.5%**
Custom Bench *(60% R1000, 40% BCAgg)*		-1.4%	-0.3%	8.1%	14.9%	7.6%
Capital Preservation						
PERSI Short-Term Investment Portfolio [♠]	n/a	**0.3%**	**0.9%**	**3.9%**	**4.6%**	**3.7%**
ICE BofA US 3-month T-bill Index		0.3%	0.9%	3.7%	4.5%	3.7%
Bond						
MCM US Bond Index Fund	n/a	**-2.6%**	**-3.5%**	**-1.9%**	**4.0%**	**-0.7%**
Dodge and Cox Income Fund [5]	DOXIX	**-3.1%**	**-4.2%**	**-2.1%**	**4.8%**	**0.5%**
Bloomberg Aggregate		-2.6%	-3.5%	-1.8%	4.1%	-0.6%
MCM US TIPS Index Fund	n/a	**-2.6%**	**-3.2%**	**-2.0%**	**3.7%**	0.0%
Bloomberg US TIPS Index		-2.6%	-3.2%	-2.0%	3.8%	0.0%
U.S. Equity						
Russell 3000		-0.8%	1.4%	15.1%	22.3%	12.6%
Large Cap						
MCM U.S. Large Cap Equity Index Fund	n/a	**-0.3%**	**2.3%**	**15.7%**	**22.9%**	**13.7%**
Vanguard Growth & Income Fund [2]	VGIAX	**-0.4%**	**1.8%**	**15.5%**	**23.2%**	**14.1%**
S&P 500		-0.3%	2.3%	15.7%	22.9%	13.8%
Small/Mid Cap						
MCM U.S. Small/Mid Cap Equity Index Fund [3]	n/a	**-3.8%**	**-5.7%**	**11.8%**	**18.7%**	**6.3%**
Dow Jones U.S. Completion Total Stock Market Index		-3.9%	-5.8%	11.6%	18.6%	6.0%
Small Cap						
T. Rowe Price Small Cap Stock Fund [4]	TRSSX	**-6.5%**	**-11.4%**	**8.0%**	**14.0%**	**3.8%**
Russell 2000		-5.3%	-7.2%	16.2%	17.7%	6.3%
Specialty						
MCM US REIT Index Fund	n/a	**-5.3%**	**-5.8%**	9.7%	12.9%	4.0%
Dow Jones U.S. Select REIT		-5.3%	-5.7%	10.0%	13.1%	4.2%
International Equity						
MCM International Equity Index Fund	n/a	**-3.1%**	**0.1%**	**14.9%**	**18.6%**	9.6%
T. Rowe Price Overseas Stock	TROIX	**-3.3%**	**-0.2%**	**15.9%**	18.0%	N/A
MSCI EAFE net dividend		-3.1%	0.8%	15.7%	18.4%	9.3%
DFA Emerging Markets Core Equity I	DFCEX	**-0.6%**	**-1.4%**	**25.5%**	21.3%	N/A
MSCI EMF		-0.5%	-0.2%	29.6%	24.7%	9.4%

*** BNYM and Callan have return discrepancies and are reviewing*

* *Performance reported by Custodian and may be preliminary; mutual funds identified by corresponding tickers*

[☆] *Strategic Policy Benchmark = 21% R3000, 18% MSCI ACWI, 6% MSCI EAFE, 9% MSCI EM, 8% PE, 4% NAREIT, 4% NFI-ODCE EW, 20% Agg, 10% TIPS*

[α] *Fund returns reflect fees beginning 05/01/15*

[1] *Calvert Balanced Social Investment (Sudan-Free) Fund performance begins 10/12/07; effective 05/23: share class change from CBAIX to CBARX*

[2] *Vanguard Growth & Income Admiral Shares (VGIAX) performance begins 08/01/03; previous periods reflect Vanguard Growth & Income Investor Shares (VQNPX)*

[3] *US Small/Mid Cap Equity Index Fund managed by MCM performance begins 10/12/07; previous periods reflect Dreyfus Premier Midcap Stock R Fund (DDMRX)*

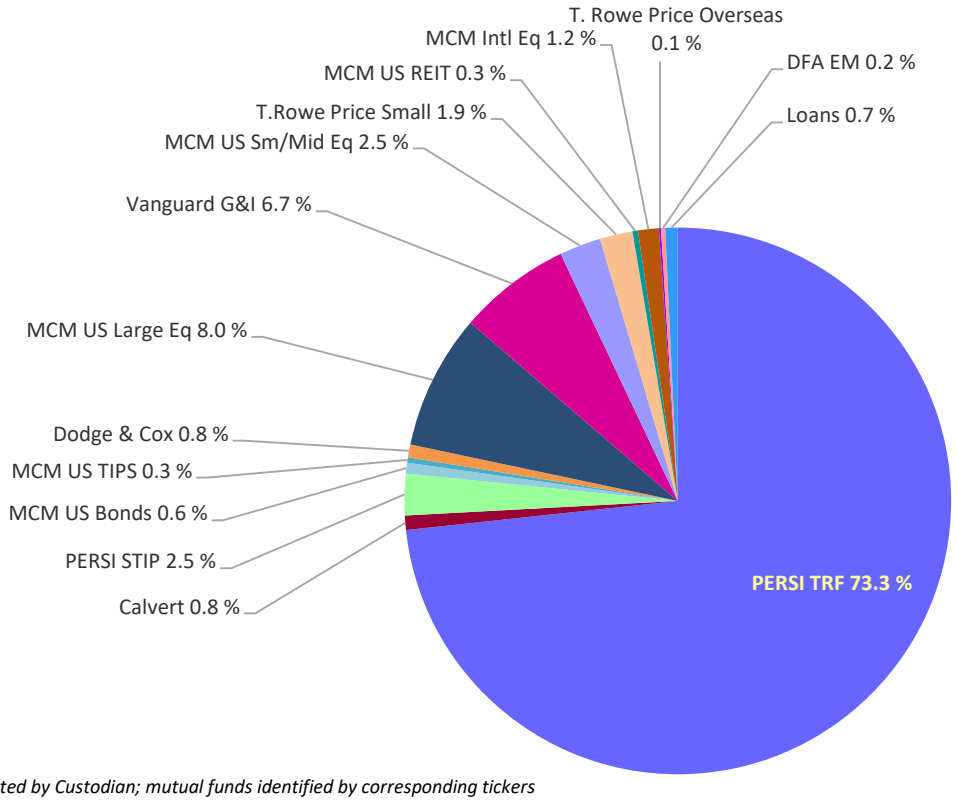
[4] *T. Rowe Price Small Cap Stock Fund (TRSSX) begins 04/01/2017; (OTCFX) performance begins 8/01/2003; previous periods reflect ING Small Company Fund (AESGX)*

[5] *Effective 05/23:share class change from DODIX to DOXIX*

PERSI Choice Plan Summary — Sep 2026

Performance - Net of fees

			Alloc by Fund	Alloc by Asset Class
Balanced				**74.1%**
PERSI Total Return Fund	$	1,526,809,559	73.3 %	
Calvert Balanced Fund	$	17,689,013	0.8 %	
Capital Preservation				**2.5%**
PERSI Short-Term Investment Portfolio *(BofA/ML 0-3mo T-bill)*	$	51,046,178	2.5 %	
Bonds				**1.7%**
MCM U.S. Bond Index Fund *(B'brg Aggregate)*	$	13,290,123	0.6 %	
MCM U.S. TIPS Index Fund *(B'brg US TIPS)*	$	6,550,871	0.3 %	
Dodge and Cox Income Fund *(B'brg Aggregate)*	$	15,846,440	0.8 %	
U.S. Equity				**19.4 %**
Large Cap				
MCM U.S. Large Cap Equity Index Fund *(S&P 500)*	$	166,362,153	8.0 %	
Vanguard Growth & Income Fund *(S&P 500)*	$	138,603,075	6.7 %	
Small/Mid Cap				
MCM U.S. Small/Mid Cap Equity Index Fund *(DJ USTSMI)*	$	51,183,116	2.5 %	
Small Cap				
T. Rowe Price Small Cap Stock Fund *(R2000)*	$	40,317,416	1.9 %	
Specialty				
MCM U.S. REIT Index Fund *(DJ US Select REIT)*	$	6,715,846	0.3 %	
International Equity				**1.6 %**
MCM International Equity Index Fund *(MSCI EAFE)*	$	25,625,593	1.2 %	
T. Rowe Price Overseas Stock	$	2,495,375	0.1 %	
DFA Emerging Markets Core Equity I	$	5,189,954	0.2 %	
Other				**0.7 %**
Loans	$	15,270,483	0.7 %	
Total DC Plan	**$**	**2,082,995,195**	**100%**	**100.0 %**



* *Performance reported by Custodian; mutual funds identified by corresponding tickers*

November 2, 2026

To: PERSI Board of Directors
From: Deputy Director
Subject: Operational Updates

Pension Software Upgrade:

- The Pension Administration System (PensionNXT) is in the design and function demonstration stage. Staff meet with Tegrit twice a week to keep on schedule. The five-year project is currently on schedule and within budget.

Hired a new Communications and Outreach Manager:

- A new Communications and Outreach Manager has been hired and will start on November 2nd. This hire was to replace Kelly Cross who retired in June.

Persi Executive Team met with Charter School Commission Executive Director, Rachel Burk in September:

- We spoke about the impact to the fund and to members when a charter school dissolves.
- Ms. Burk talked about a procedure and showed us a checklist of steps that are taken when a school is in the process of closing.
- Persi will be added to the list to make the charter schools board and administration aware of the potential issues that come with closing a charter school.
- It was a good productive meeting that helped Ms. Burk get an understanding of Persi issues that pertain to school closings.

PERSI
Public Employee Retirement System of Idaho

HELPING YOU BUILD A SECURE RETIREMENT

Date: November 2nd, 2026

TO: PERSI Retirement Board

FROM: Mike Anderson
Financial Executive Officer

SUBJECT: **FY 2026 AUDITED FINANCIALS**

- **AUDIT FY 2024:** The FY 2026 audit is complete. The Audited Financial Statements are included in your packets. One note: the auditor's letter that is included in the report is last year's letter. Once the board has had time to review and approve the financials, Eide Bailly will submit the current letter. The audit committee met with the auditors on October 27th and discussed the financials with the auditors. I will be happy to answer any questions you might have.

Governor
Brad Little

Retirement Board
Jeff Cilek, Chairman
Joshua Whitworth
Lori Wolff
Park Price
Darin DeAngeli

Executive Director
Michael L. Hampton

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Equal Opportunity Employer

INDEPENDENT AUDITOR'S REPORT

To the Retirement Board
Public Employee Retirement System of Idaho
Boise, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the pension and other trust funds of the Public Employee Retirement System of Idaho (the System), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the System, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for the reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4-14 and 43-65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The other supplementary information on pages 63-65 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Public Employee Retirement System of Idaho's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2025 on our consideration of the System’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System’s internal control over financial reporting and compliance.

Eide Bailly LLP

October 17, 2025
Boise, Idaho

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026

Management is pleased to provide Management's Discussion and Analysis ("MD&A") of the financial activities of the Public Employee Retirement System of Idaho (the "System" or "PERSI") as of and for the year ended June 30, 2026. The June 30, 2025 amounts are combined and are provided for comparative purposes. This overview and analysis is designed to focus on current known facts and activities and resulting changes.

The System administers seven fiduciary funds. These consist of three defined benefit pension trust funds – the PERSI Base Plan, the Firefighters' Retirement Fund (FRF) and the Judges' Retirement Fund (JRF). It also includes two defined contribution pension trust funds – the PERSI Choice Plan 401(k) and 414(k). Finally, it includes two Sick Leave Funds – State and Schools.

Investment Activities

Long term (20 - 25 years) asset growth is vital to the Defined Benefit Plans' current and continued financial stability. Therefore, trustees have a fiduciary responsibility to act with prudence and discretion when making plan investment decisions. To assist the Board in this area, a comprehensive formal investment policy is updated periodically. As managers are added, specific detailed investment guidelines are developed, adopted, and become part of that manager's agreement.

Portfolio performance is reviewed monthly by the Board and its consultants. Performance is evaluated individually, by money manager style, and collectively by investment type and for the aggregate portfolio. Investment types include both domestic and international equities, domestic fixed income, private equity and real estate.

Economic Factors

On June 30, 2026, PERSI's Base Plan had a net pension liability of $1.2 billion, a decrease compared to the June 30, 2025 net liability of $2.4 billion. The investment return net of all expenses for 2026 was 12.30% compared to the assumed return of 6.50%. The difference between the assumed rate and the actual rate of return resulted in the decrease in the net pension liability. The fund ended the fiscal year to finish at 12.69% gross before expenses investment rate of return. The amortization period of the unfunded liability for Fiscal Year 2026 is 5.5 years which is less than the 25 year maximum allowed by statute.

The funding of the Plan is 74% investment income, 16% employer contributions and 10% member contributions for Fiscal Year 2026. PERSI is viewed as a well-run and conservatively managed pension plan compared to plans nationally. This reputation stems from sound decisions made by the legislature and the Board.

The Board has and will continue to make appropriate choices regarding investments, contributions, and actuarial assumptions with the goal of maintaining the long-term sustainability of the Plan.*

Overview of the Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The financial section is comprised of four additional components: (1 fund financial statements, (2 notes to financial statements, (3 required supplementary information, and (4 additional supplementary schedules.

Fund Financial Statements — There are two financial statements presented for the fiduciary funds. The statements of fiduciary net position as of June 30, 2026 and comparable totals for June 30, 2025, indicate the fiduciary net position available to pay future benefits and gives a snapshot at a particular point in time. The statements of changes in fiduciary net position for the year ended June 30, 2026 with comparable 2025 totals provides a view of the current year's activity. It details the additions and deductions to the individual funds and supports the change to the prior year's ending net position on the statements of fiduciary net position. All pension fund statements are presented on a full accrual basis and reflect all trust activities, as incurred.

Notes to Financial Statements — The notes provide additional information essential for a full understanding of the data provided in the fund financial statements, page 19-42.

Required Supplementary Information — The required supplementary information consists of the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability (Asset, Schedule of Net Pension Liability (Asset, Schedule of Contributions, Schedule of Investment Returns and related notes concerning the methods and assumptions used in calculations of actuarially determined contributions. In addition, required supplementary information includes Schedule of Changes in Net Other Post Employment Benefit (OPEB Liability (Asset, Schedule of Net OPEB Liability (Asset, Schedule of Contributions – OPEB, Schedule of Investment Returns – Sick Leave Funds as well as related notes concerning the methods and assumptions used in the calculation of the OPEB Liability (Asset.

Additional Supplementary Schedules — The additional schedules (Schedule of Investment Expenses and Schedule of Administrative Expenses are presented for additional analysis.

Treatment of Plan Assets for Financial Reporting

Defined Benefit Pension Trust Funds — The PERSI Base Plan, the Firefighters' Retirement Fund, and the Judges' Retirement Fund are qualified plans under the Internal Revenue Code and provide retirement, disability and death benefits to the employees of affiliated employers. Benefits are funded by member and employer contributions and by earnings on investments. Assets for these plans are pooled only for investment purposes.

Financial Summary

Defined Benefit Pension Trust Funds Net Position

- The change in net position for all pension and other funds administered by the System increased $3.0 billion and increased $2.3 billion in Fiscal Year 2026 and Fiscal Year 2025, respectively. The change in the defined benefit plans reflects the total of contributions received and an investment return less benefits paid and administrative expenses. Changes in net position for the fiscal years ending June 30, 2026 and 2025, were as follows:

	2026	2025
PERSI Base Plan	$ 2,601,191,664	$ 2,009,204,473
FRF	40,673,419	36,068,911
JRF	13,158,823	9,669,646
PERSI Choice Plan 414(k)	2,746,059	1,255,613
PERSI Choice Plan 401(k)	247,875,297	192,001,312
Sick Leave Fund - State	35,507,029	25,917,549
Sick Leave Fund - Schools	41,291,743	29,855,184
Total increase (decrease) in plan net position	$ 2,982,444,034	$ 2,303,972,688

Assets for the three defined benefit plans, the PERSI Base Plan, FRF and JRF, are pooled for investment purposes. For the fiscal years ended June 30, 2026 and 2025, the rate of return net of investment expenses on the investment assets are detailed below (these are plan-level returns). For the defined contribution plans, the PERSI Choice Plan 401(k) and 414(k), individual participant returns will vary depending on their specific investment choices. Returns for Choice Plan options can be found on the PERSI website under Investments/Choice Plan.

	2026	2025
PERSI Defined Benefit Plans	12.36%	10.81%
Sick Leave Fund - State	13.38%	11.10%
Sick Leave Fund - Schools	13.37%	11.06%

- All of the plans experienced investment gains in Fiscal Year 2026 as a result of positive market performance driven by strong returns in international and domestic equity markets. Net investment income for all of the funds administered by the System for the fiscal years ending June 30, 2026 and 2025, was $3.4 billion and $2.7 billion, respectively.

	2026	2025
PERSI Base Plan	$ 2,966,968,900	$ 2,372,253,578
FRF	56,387,318	51,182,400
JRF	15,642,931	12,499,773
PERSI Choice Plan 414(k)	7,455,029	6,085,346
PERSI Choice Plan 401(k)	253,952,725	178,024,373
Sick Leave Fund - State	41,092,058	31,208,253
Sick Leave Fund - Schools	56,427,893	43,466,974
Total net investment income	$ 3,397,926,853	$ 2,694,720,697

- As of June 30, 2026 and 2025, the net pension liability (asset) are as follows:

	PERSI Base Plan 2026	FRF 2026	JRF 2026
Total pension liability	$ 27,984,810,851	$ 239,130,945	$ 146,476,513
Plan fiduciary net position	26,737,113,237	562,236,421	140,623,446
Employers' net pension liability (asset)	$ 1,247,697,614	$ (323,105,476)	$ 5,853,067
Plan fiduciary net position as a percentage of total pension liability (asset)	95.54 %	235.12 %	96.00 %

	PERSI Base Plan 2025	FRF 2025	JRF 2025
Total pension liability	$ 26,557,051,324	$ 229,634,030	$ 144,849,529
Plan fiduciary net position	24,138,888,873	521,563,002	127,464,623
Employers' net pension liability (asset)	$ 2,418,162,451	$ (291,928,972)	$ 17,384,906
Plan fiduciary net position as a percentage of total pension liability (asset)	90.89 %	227.13 %	88.00 %

SICK LEAVE FUNDS

State Members

	2026	2025
Total OPEB liability	$ 106,023,710	$ 131,858,259
Plan fiduciary net position	345,395,030	309,888,001
Employers' net OPEB liability (asset)	$ (239,371,320)	$ (178,029,742)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	325.77 %	235.02 %

School Members

	2026	2025
Total OPEB liability	$ 326,929,984	$ 340,018,300
Plan fiduciary net position	471,149,854	429,858,111
Employers' net OPEB liability (asset)	$ (144,219,870)	$ (89,839,811)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	144.11 %	126.42 %

The System's funding objective is to meet long-term benefit obligations through contributions and investment income and provide a reserve against market fluctuations. The ratios listed above show how the plan assets compare to its liabilities. It gives an indication of how well this objective has been met at a specific point in time. The higher the ratio, the better funded the plan. This is because the plan is closer to being able to pay its long-term liabilities. As presented in the asset and liability charts on page 8-12, all the funds' ratios increased this fiscal year, primarily due to strong market returns.

	As of June 30, 2026	As of June 30, 2025	$ Change	% Change
Assets:				
Cash and cash equivalents	$ 33,045,330	$ 48,029,598	$ (14,984,268)	(31.20)%
Investments sold receivable	25,765,180	54,819,881	(29,054,701)	(53.00)
Other receivables	119,207,803	109,556,279	9,651,524	8.81
Investments - at fair value	27,283,461,504	24,639,954,066	2,643,507,438	10.73
Prepaid retiree benefits	115,975,485	107,408,023	8,567,462	7.98
Assets used in plan operation (net)	9,837,655	7,288,011	2,549,644	34.98
Due from other plans	13,481,602	—	13,481,602	—
Total assets	27,600,774,559	24,967,055,858	2,633,718,701	10.55
Liabilities:				
Investment purchased payable	104,510,614	140,731,684	(36,221,070)	(25.74)
Due to other plans	13,481,602	—	13,481,602	—
Benefits and refunds payable	—	1,610,077	(1,610,077)	(100.00)
Other liabilities	23,387,143	20,342,803	3,044,340	14.97
Total liabilities	141,379,359	162,684,564	(21,305,205)	(13.10)
Net Position:				
Assets used in plan operation (net)	9,841,015	7,288,011	2,553,004	35.03
Net position restricted for pensions	27,449,554,185	24,797,083,283	2,652,470,902	10.70
Net Position	$27,459,395,200	$24,804,371,294	$2,655,023,906	10.70 %

The fair value of investments increased due to the investment return of 12.36% (net of investment expenses). U.S. equity and emerging market equity exposure were prominent drivers of the fiscal year return. Liabilities for benefits and refunds payable vary at fiscal year end depending on member request and timing. Change in asset values and timing of payments can affect the balance of liabilities at the statements of fiduciary net position date.

The percent change in the receivable and payable for investments sold and purchased fluctuates as the volume of trading activity by the System’s professional investment managers’ changes. The cash balance change was due to normal fluctuations in operating cash requirements and the timing of transfers to investment managers.

Defined Benefit Pension Trust Funds Changes in Net Position

Net Investment Income gain for Fiscal Year 2026 was $3.0 billion, as compared to Fiscal Year 2025's gain of $2.4 billion. Investment income gains were driven by strong positive returns across global equity markets exceeding returns from the prior fiscal year. Global equity markets netted double digit increases as underlying economic activity was strong and enthusiasm surrounding artificial intelligence boosted earnings expectations. Fiscal years 2026 and 2025 had changes in gross returns of 12.69% and 11.12%, contributions and other additions totaling $1.1 billion and $1.0 billion, total additions including net investment income and contributions totaling $4.1 billion and $3.5 billion, respectively.

In Fiscal Year 2026, the net investment gain and other additions resulted in an increase of $4.1 billion as equity markets rose materially. Total deductions were $1.4 billion which paid for the benefits and administrative expenses. In Fiscal Year 2025, total additions of $3.5 billion were greater than the $1.4 billion paid for benefits and administrative expenses by $2.1 billion.

For Fiscal Year 2026, benefits and refunds paid increased due to an increase in the number of retirees receiving benefits, as well as from an increase in the annual Post-Retirement Allowance Adjustment (PAA) for benefits paid to retirees. The PAA adjustment for 2026 was 1.70%, compared to 2025's 1.30% increase. The net investment gain resulted in a positive return in Fiscal Year 2026. The net investment gain resulted in a positive return for the Fiscal Year 2025.

	Year Ended June 30, 2026	Year Ended June 30, 2025	$ Change	% Change
Additions:				
Member contributions	$ 415,747,450	$ 400,571,523	$ 15,175,927	3.79 %
Employer contributions	654,517,544	632,174,443	22,343,101	3.53
Net investment income	3,038,999,149	2,435,935,751	603,063,398	24.76
Other additions	1,352,031	1,525,354	(173,323)	(11.36)
Total additions	4,110,616,174	3,470,207,071	640,409,103	18.45
Deductions:				
Benefits and refunds paid	1,443,315,484	1,404,121,096	39,194,388	2.79
Administrative expenses	12,276,784	11,142,945	1,133,839	10.18
Total deductions	1,455,592,268	1,415,264,041	40,328,227	2.85
Changes in net position	$ 2,655,023,906	$ 2,054,943,030	$ 600,080,876	29.20 %
Ending net position	$27,459,395,200	$24,804,371,294	$2,655,023,906	10.70 %

Defined Contribution Pension Trust Funds

During Fiscal Year 2026, the System administered two defined contribution plans. The PERSI Choice Plans, qualified plans under Internal Revenue Code, consist of a 401(k) plan and a 414(k) plan and provide another retirement benefit option to members of the Defined Benefit Pension Plans.

The 401(k) Plan consists of employee voluntary contributions, rollover contributions, and some employer contributions. The 414(k) Plan represents the gain sharing allocation made to eligible PERSI members during Fiscal Year 2001. The assets of these plans are pooled for investment purposes, but the 414(k) Plan cannot be used to pay the benefits of the 401(k) Plan and vice versa.

Defined Contribution Pension Trust Funds Net Position

	As of June 30, 2026	As of June 30, 2025	$ Change	% Change
Assets:				
Cash	$ 3,926,173	$ 3,204,718	$ 721,455	22.51 %
Short-term investments	134,008	890,892	(756,884)	(84.96)
Investments - at fair value	2,090,056,999	1,838,985,740	251,071,259	13.65
Receivables	5,478,446	5,821,967	(343,521)	(5.90)
Total assets	2,099,595,626	1,848,903,317	250,692,309	13.56
Liabilities:				
Other liabilities	755,274	684,321	70,953	10.37
Net Position	$ 2,098,840,352	$ 1,848,218,996	$ 250,621,356	13.56 %

Net position increased from Fiscal Year 2025 to Fiscal Year 2026. The change reflects a positive return in the investment market. The change in cash is due to the timing of a transfer of funds at the end of the month. Receivables include contributions that are not yet recorded by the record keeper at year end plus accrued interest and dividends. The change in other liabilities consists of amount due to the base plan, administrative expenses payable, and stale dated checks payable.

Defined Contribution Pension Trust Funds Changes in Net Position

	Year Ended June 30, 2026	Year Ended June 30, 2025	$ Change	% Change
Additions:				
Member contributions	$ 92,989,686	$ 88,277,916	$ 4,711,770	5.34 %
Employer contributions	12,890,425	11,849,897	1,040,528	8.78
Rollovers	12,248,453	16,191,646	(3,943,193)	(24.35)
Net investment income	261,407,754	184,109,719	77,298,035	41.98
Total additions	379,536,318	300,429,178	79,107,140	26.33
Deductions:				
Benefits and refunds paid	126,142,936	104,514,006	21,628,930	20.69
Administrative expenses	2,772,026	2,658,247	113,779	4.28
Total deductions	128,914,962	107,172,253	21,742,709	20.29
Changes in net position	$ 250,621,356	$ 193,256,925	$ 57,364,431	29.68 %
Ending net position	$ 2,098,840,352	$ 1,848,218,996	$ 250,621,356	13.56 %

The current fiscal year saw a higher investment return than the prior fiscal year. Member contributions increased due to an increase in salary deferrals as well as an increase in the number of members actively contributing. Rollovers represent rollovers from other plans. Changes in employer contributions vary up or down according to individual employers' desire to provide employee contributions. The increase in benefits and refunds paid is a result of an increase in the number of retirees receiving benefits.

Other Trust Funds

During Fiscal Year 2026, the System administered two Sick Leave Funds. The PERSI Sick Leave Funds provide payment of eligible post-retirement insurance premiums on behalf of retired state and public school district employers, based on accumulated unused sick leave at the time of retirement. The Fund's contributions are financed by state agency and school district employers of the System which make up the two separate trusts.

Sick Leave Funds Net Position

	As of June 30, 2026	As of June 30, 2025	$ Change	% Change
Assets:				
Cash	$ 1,851,640	$ 1,603,015	$ 248,625	15.51 %
Investments - at fair value	814,787,947	738,190,187	76,597,760	10.38
Total assets	816,639,587	739,793,202	76,846,385	10.39
Liabilities:				
Other liabilities	94,703	47,090	47,613	101.11
Net Position	$ 816,544,884	$ 739,746,112	$ 76,798,772	10.38 %

The net position increased in Fiscal Year 2026 from Fiscal Year 2025 because of positive investment returns. Positive returns for the passively managed portfolios were driving by a 22.8% increase in the Russell 3000 Index and an even stronger 27.7% increase in the MSCI ACWI ex-U.S. Index . Those two indices comprise approximately 50% of the portfolios. Both indices benefited from a broader global equity rally and a shift from the U.S. dominated market leadership of prior years.

Sick Leave Funds Changes in Net Position

	Year Ended June 30, 2026	Year Ended June 30, 2025	$ Change	% Change
Additions:				
Employer contributions	$ 1,902	$ 6,329	$ (4,427)	(69.95)%
Net investment income	97,519,951	74,675,227	22,844,724	30.59
Other additions	22,694	21,293	1,401	6.58
Total additions	97,544,547	74,702,849	22,841,698	30.58
Deductions:				
Benefits and refunds paid	20,601,586	18,785,927	1,815,659	9.66
Administrative expenses	144,189	144,189	—	0.00
Total deductions	20,745,775	18,930,116	1,815,659	9.59
Changes in net position	$ 76,798,772	$ 55,772,733	$ 21,026,039	37.70 %
Ending net position	$ 816,544,884	$ 739,746,112	$ 76,798,772	10.38 %

The PERSI Board extended the rate holiday for employer contributions for Schools and State funds to June 30, 2028 and June 30, 2031, respectively. The changes in net position for Fiscal Year 2026 reflect a net investment return of 13.38% and 13.37% for State and Schools Funds, respectively, resulting in $97.5 million in net investment income, compared to $74.7 million gain for Fiscal Year 2025.

This table reflects PERSI Base Plan and PERSI Choice Plans membership as of June 30, 2026 and 2025.

Base Plan	2026	2025
Active participants	78,885	78,746
Vested - Base Plan	46,160	45,841
Non-vested - Base Plan	32,725	32,905
Retirees and beneficiaries	58,895	57,473
Terminated and vested	17,292	16,875
Terminated and non-vested	43,677	41,180
Total membership	198,749	194,274

Choice Plan	2026	2025
Participants	45,714	45,226
Actively contributing	21,957	21,846
Periodic installment payments	2,713	2,771
Total membership	70,384	69,843

Retirees and Beneficiaries (Base Plan)

The following table demonstrates the changes in Base Plan retirees and beneficiaries as of June 30, 2026 and 2025.

	2026	2025
Beginning - July 1	57,473	56,084
New Retirements	2,709	2,644
Death of Retiree/Beneficiary	(1,287)	(1,255)
Ending - June 30	58,895	57,473

Significant Capital Assets and Long-Term Financing

During Fiscal Year 2026 the System had no significant capital asset or financing activities.

Currently Known Facts, Decisions, or Conditions

Investment Outlook

Return on investments is a primary source of funding for the System and is difficult to predict. There are many factors that could influence returns in Fiscal Year 2027. A couple of the main influencers are geopolitical policies, and energy risks. These have remained key sources of volatility in the markets. Also, many companies have continued to lean heavily into investments around Artificial Intelligence. How effective these companies can monetize and turn those investments into cashflow will have a major effect on market returns.

Contributions Rate Changes

Currently a rate increase of 1.25% is set to take effect on July 1, 2027. The board will be looking at this rate increase during the November 2, 2026 board meeting and will decide and vote if it is still necessary.

Legislative Changes

House Bill 642 was passed in the 2026 legislative session. This added a catastrophic death benefit for public safety officers that mirrors the current catastrophic disability benefit for the same member class. This legislation was retroactively implemented for qualifying members effective July 1, 2021.

***REQUEST FOR INFORMATION**

Any questions regarding the financial statements of PERSI can be requested through our public information request process detailed on our website. Details can be found at:

https://www.persi.idaho.gov/docs/contact/How-To-Request-Public-Records-From-PERSI.pdf

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2026 WITH COMPARATIVE FINANCIAL INFORMATION FOR JUNE 30, 2025

	Pension Trust Funds		
	PERSI Base Plan	Firefighters' Retirement Fund	Judges' Retirement Fund
ASSETS			
Cash and cash equivalents	$ 32,190,598	$ —	$ 854,732
Investments - at fair value			
Fixed income investments			
Domestic	6,514,158,385	135,080,227	34,297,295
Idaho commercial mortgages	828,196,972	17,173,828	4,360,489
Short-term investments	344,480,801	7,143,273	1,813,700
Real estate equities	992,627,203	20,583,520	5,226,221
Equity securities			
Domestic	13,079,712,409	271,226,214	68,865,191
International	2,903,598,087	60,210,206	15,287,561
Private equity	1,929,256,468	40,005,844	10,157,610
Mutual, collective, unitized funds	—	—	—
Total investments	26,592,030,325	551,423,112	140,008,067
Receivables			
Investments sold	25,112,226	520,737	132,217
Administrative fee	—	—	—
Contributions	25,411,714	—	616,594
Interest and dividends	90,818,093	1,883,241	478,161
Total receivables	141,342,033	2,403,978	1,226,972
Assets used in plan operations	9,834,295	—	3,360
Due from other plans	2,578,761	10,902,841	—
Prepaid retiree benefits	113,463,727	2,511,758	—
Total assets	26,891,439,739	567,241,689	142,093,131
LIABILITIES			
Accrued liabilities	22,089,966	363,800	933,377
Benefits and refunds payable	—	—	—
Due to other plans	10,952,387	2,529,215	—
Investments purchased	101,862,053	2,112,253	536,308
Total liabilities	134,904,406	5,005,268	1,469,685
NET POSITION			
Net position restricted for OPEB	—	—	—
Net position restricted for pensions	26,756,535,333	562,236,421	140,623,446
Total net position	$ 26,756,535,333	$ 562,236,421	$ 140,623,446

See Notes to Financial Statements

Pension Trust Funds		Other Trust Funds			
PERSI Choice Plan		Sick Leave Funds		Totals	
401(k)	414(k)	State	Schools	2026	2025
$ 3,775,914	$ 150,259	$ 539,767	$ 1,311,873	$ 38,823,143	$ 52,837,331
—	—	169,864,096	233,154,966	7,086,554,969	6,008,757,608
—	—	—	—	849,731,289	852,425,054
134,008	—	—	—	353,571,782	429,070,825
—	—	—	—	1,018,436,944	1,016,305,687
—	—	138,356,027	186,814,914	13,744,974,755	12,205,076,572
—	—	36,679,479	49,918,465	3,065,693,798	2,969,900,689
—	—	—	—	1,979,419,922	1,897,498,710
2,027,881,217	62,175,782	—	—	2,090,056,999	1,838,985,740
2,028,015,225	62,175,782	344,899,602	469,888,345	30,188,440,458	27,218,020,885
—	—	—	—	25,765,180	54,819,881
211,220	8,374	—	—	219,594	200,425
12,457	—	—	—	26,040,765	22,002,847
5,089,003	157,392	—	—	98,425,890	93,174,974
5,312,680	165,766	—	—	150,451,429	170,198,127
—	—	—	—	9,837,655	7,288,011
—	—	—	—	13,481,602	—
—	—	—	—	115,975,485	107,408,023
2,037,103,819	62,491,807	345,439,369	471,200,218	30,517,009,772	27,555,752,377
748,873	6,401	44,339	50,364	24,237,120	21,074,214
—	—	—	—	—	1,610,077
—	—	—	—	13,481,602	—
—	—	—	—	104,510,614	140,731,684
748,873	6,401	44,339	50,364	142,229,336	163,415,975
—	—	345,395,030	471,149,854	816,544,884	739,746,112
2,036,354,946	62,485,406	—	—	30,374,780,436	26,652,590,290
$ 2,036,354,946	$ 62,485,406	$ 345,395,030	$ 471,149,854	$ 30,374,780,436	$ 27,392,336,402

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2026 WITH COMPARATIVE FINANCIAL INFORMATION FOR JUNE 30, 2025

	Pension Trust Funds		
	PERSI Base Plan	Firefighters' Retirement Fund	Judges' Retirement Fund
ADDITIONS			
Contributions			
Members	$ 414,582,751	$ —	$ 1,164,699
Employers	642,555,442	5,391,157	6,570,945
Rollovers	—	—	—
Total contributions	1,057,138,193	5,391,157	7,735,644
Investment income			
Net appreciation in fair value of investments	2,544,278,792	55,530,097	13,511,994
Interest, dividends and other investment income	488,473,996	10,455,443	2,562,997
Less investment expenses	(65,783,888)	(9,598,222)	(432,060)
Total investment income - net	2,966,968,900	56,387,318	15,642,931
Other-net	1,319,850	—	32,181
Total net additions	4,025,426,943	61,778,475	23,410,756
DEDUCTIONS			
Benefits and refunds paid to members and beneficiaries	1,412,040,323	21,103,181	10,171,980
Administrative expenses	12,194,956	1,875	79,953
Total deductions	1,424,235,279	21,105,056	10,251,933
INCREASE IN NET POSITION	2,601,191,664	40,673,419	13,158,823
NET POSITION			
Beginning of year	24,155,343,669	521,563,002	127,464,623
End of year	$ 26,756,535,333	$ 562,236,421	$ 140,623,446

See Notes to Financial Statements

Pension Trust Funds		Other Trust Funds			
PERSI Choice Plan		Sick Leave Funds		Totals	
401(k)	414(k)	State	Schools	2026	2025
$ 92,989,686	$ —	$ —	$ —	$ 508,737,136	$ 488,849,439
12,890,425	—	1,839	63	667,409,871	644,030,669
12,248,453	—	—	—	12,248,453	16,191,646
118,128,564	—	1,839	63	1,188,395,460	1,149,071,754
225,731,723	7,290,534	41,247,707	56,614,053	2,944,204,900	2,266,196,029
32,438,696	174,207	—	—	534,105,338	499,294,404
(4,217,694)	(9,712)	(155,649)	(186,160)	(80,383,385)	(70,769,736)
253,952,725	7,455,029	41,092,058	56,427,893	3,397,926,853	2,694,720,697
—	—	6,692	16,002	1,374,725	1,546,647
372,081,289	7,455,029	41,100,589	56,443,958	4,587,697,038	3,845,339,098
121,666,390	4,476,546	5,532,948	15,068,638	1,590,060,006	1,527,421,029
2,539,602	232,424	60,612	83,577	15,192,999	13,945,381
124,205,992	4,708,970	5,593,560	15,152,215	1,605,253,005	1,541,366,410
247,875,297	2,746,059	35,507,029	41,291,743	2,982,444,034	2,303,972,688
1,788,479,649	59,739,347	309,888,001	429,858,111	27,392,336,402	25,088,363,714
$ 2,036,354,946	$ 62,485,406	$ 345,395,030	$ 471,149,854	$ 30,374,780,436	$ 27,392,336,402

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

NOTE 1. GENERAL DESCRIPTION OF THE FUNDS

General — The Public Employee Retirement System of Idaho (the System or PERSI) is the administrator of seven plans including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (PERSI Base Plan), the Firefighters' Retirement Fund (FRF), and the Judges' Retirement Fund (JRF), and two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k) (PERSI Choice Plan). PERSI also administers two Sick Leave Funds, which qualify as other post employment benefits plans (OPEB), one for state employers and one for school district employers.

Reporting Entity — The System is a fiduciary component unit of the State of Idaho (the State) and is included in the State of Idaho Annual Comprehensive Financial Report. The basic financial statements of the System include the financial activities of all of the above funds. A five member retirement board (the Board), appointed by the Governor and confirmed by the Idaho Senate, manages the System. State law requires that two members of the Board be active PERSI members with at least ten years of service and three members who are Idaho citizens not members of the System except by reason of having served on the Board. Responsibilities of the Board include selecting the funding agents, establishing funding policy, and setting contribution rates.

Defined Benefit Retirement Plans Administration — The PERSI Base Plan and FRF are both cost - sharing, multiple - employer defined benefit retirement plans that provide benefits based on members' years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries.

Statutes governing the PERSI Base Plan are Title 59, Chapter 13 of the Idaho Code. Statutes governing FRF are Title 72, Chapter 14 of the Idaho Code.

Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

Statutes governing the Judges' Retirement Fund are Title 1, Chapter 20 of the Idaho Code.

JRF members, having left office or retired, are eligible for retirement benefits based on age and years of service (a minimum of four years) as specified in statute.

Plans Membership — State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the System.

As of June 30, 2026 and 2025, the number of participating employer units in the PERSI Base Plan was:

	2026	2025
Cities	164	163
School districts	197	195
Highway and water districts	148	146
State subdivisions	93	92
Counties	44	44
Other	236	225
Total	882	865

As of June 30, 2026 and 2025, the number of benefit recipients and members in the PERSI Base Plan consisted of the following:

	2026	2025
Members:		
Active	78,885	78,746
Terminated and vested	17,292	16,875
Retirees and beneficiaries	58,895	57,473
Total	155,072	153,094

FRF has 19 participating employer units all consisting of fire departments that also participate in PERSI. As of June 30, 2026, there were 402 retired members or beneficiaries, collecting benefits from FRF. The FRF covers a closed group of firefighters who were hired before October 1, 1980, and who receive benefits in addition to those provided under the Base Plan. The cost of these additional benefits is paid by FRF member and employer contributions and receipts from a fire insurance premium tax.

As of June 30, 2026, JRF had 51 active members and 119 retired members or beneficiaries collecting benefits from JRF.

Benefits Provided - The benefit payments for the PERSI Base Plan, FRF and JRF are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum Post-Retirement Allowance Adjustment (PAA) increase per year provided the Consumer Price Index increases 1% or more. The Retirement Board has the authority to provide higher PERSI Base Plan PAA increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

The cost of living increase for the FRF retirees is based on the increase in the statewide average firefighter's wage for employer units who belong to the FRF plan.

Adjustments to JRF benefits are made by either the PERSI PAA as described above or by a statutory adjustment which is based on active judge's salaries. Whether the PERSI PAA or the statutory adjustment applies depend on the date the judge first assumed office, on or before July 1, 2012 and/or by whether the judge (if it was an option available) made an irrevocable election to use the PERSI PAA.

Contributions - The PERSI Base Plan and JRF benefits are funded by contributions from members and employers and earnings from investments. The FRF funding is obtained from receipts from a state fire insurance premium tax. Member and employer contributions are paid as a percentage of member compensation. PERSI Base Plan and JRF member contribution rates are determined by the Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due. Contributions are based on actuarial assumptions, the benefit formulas, and employee groups of the System. Costs of administering the fund are financed through the contributions and investment earnings of the System.

Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method for the PERSI Base Plan and JRF. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age.

The PERSI Base Plan and the JRF Plan amortizes any net pension liability based on a level percentage of payroll. The payroll for employees covered by the PERSI Base Plan and JRF Plan was $5,023,590,782 and $10,508,468, respectively, for the year ended June 30, 2026.

Net pension liability (asset) for FRF is the difference between the pension liability of the FRF benefits not provided by the Base Plan and the FRF assets. There are no active employees in the FRF Plan since June 30, 2021. Idaho Statute 59-1394(1)(a) requires 50% of the gross receipts by the State of the tax on fire insurance premiums, as provided by Idaho Statute 41-402, is perpetually appropriated for the purpose of partially funding the benefit requirements of Chapter 14, Title 72 of the Idaho Code (Firefighter's Retirement Fund). These receipts are accounted for in employer contributions.

The Base Plan contribution rates for employees are set by statute at 60% of the employer rate for general employees and school employees, and 72% for police and firefighters. As of June 30, 2026, the employee rate was 7.18% for general employees, 8.08% for school employees, and 10.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.96% for general employees, 13.48% for school employees, and 13.98% for police and firefighters.

The JRF employee contribution rate is 18.50% of the employer contribution rate as set by the Board. As of June 30, 2026, the employee contribution rate was 11.57% and the employer contribution rate was 62.53%. Active employees who have 20 or more years of service are exempt from employee contributions.

Upon termination of employment, PERSI Base Plan participants are entitled to accumulated member contributions plus interest, accrued at 9.68% from January 1, 2026 through June 30, 2026 (7.91% from July 1, 2025 through December 31, 2025) compounded monthly per annum, and are refundable. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

JRF employees with less than four years of service are entitled to a refund of accumulated member contributions plus interest, accrued at 6.50% per annum.

Defined Contribution Retirement Plans - The PERSI Choice Plans are defined contribution retirement plans. The statute governing the PERSI Choice Plans is Idaho Code Title 59, Chapter 13.

The PERSI Choice Plans are made up of a qualified 401(k) plan and a 414(k) plan. The assets of the two plans within the PERSI Choice Plans are commingled for investment purposes. Participants can direct their investment mix with some trading frequency restrictions. Participants have fourteen investment options: two balanced funds, four fixed income funds, seven equity funds and one specialty fund. Participants investing in the Total Return Balanced Fund and the PERSI Short-term Investment Portfolio pay investment management fees of 0.27% and 0.11%, respectively. Since inception of the plans, participants have paid investment management fees for all other options.

The 401(k) portion of the PERSI Choice Plans is open to all active employees of PERSI employers who receive W-2 wages as well as active members of the Judicial Retirement Fund. Employees can make tax-deferred and/or Roth contributions up to 100% of their gross annual salary less deductions that are subject to the Internal Revenue Service (IRS) annual contribution applicable limit for the age of the employee. The 414(k) portion of the PERSI Choice Plans was established for gain sharing allocations from the PERSI Base Plan in 2001. The gain sharing amount (if any) is based on funding levels in the Base Plan and is subject to Board approval. Eligibility for gain sharing requires twelve months of active PERSI Base Plan membership as defined in Idaho statutes and PERSI rules.

Participants may allocate their assets in 1% increments among the investment options; however, if no allocation preference is indicated, a default investment election to the PERSI Total Return Fund (TRF) is made. The TRF is a unitized fund comprised of investment accounts of the PERSI Base Plan.

As of June 30, 2026, there were 45,714 participants with balances in the PERSI Choice Plans. Some of these participants are in both the 401(k) Plan and the 414(k) Plan. As of June 30, 2026, there were 8,167 participants with both Choice Plan 401(k) and 414(k) plans. There were 31,436 participants with only Choice Plan 401(k), and 6,111 participants with only Choice Plan 414(k).

Sick Leave Funds (OPEB) - PERSI administers the Sick Leave Funds cost sharing, multiple-employer defined benefit OPEB plans that provides payment of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The Sick Leave Funds are classified as trust funds. For state and school employers, unused sick leave benefits are subject to the guidance of Governmental Accounting Standard Board (GASB) Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*

The Sick Leave Funds are made up of two trust funds administered by PERSI, a trust for payment of school district employee benefits and a trust for payment of state employee benefits. The statutes governing the Sick Leave Funds are Idaho Code, Sections 67-5333, 33-1216, 59-1365, and 33-1228.

The Sick Leave Funds exist for the payment of unused sick leave benefits in the form of insurance premiums for eligible employees who separate from service by reason of retirement.

The System administers these trusts on behalf of the participating employers. Employers' contributions are a measure of pay collected each pay cycle and are held in trust for future benefits. The school districts and the State are responsible for any unfunded OPEB liability, respectively, through contribution rate adjustments.

Membership in the Sick Leave Funds as of June 30, 2026 valuation.

	State	Schools
Members:		
Active	22,403	36,322
Retirees and beneficiaries	7,607	8,683
Total	30,010	45,005

School District Employees - For school district employees, the unused sick leave amount available for benefit is limited to one-half of their eligible sick leave balance and rate of compensation at retirement.

State Employees - State employees are limited to the number of allowable hours of sick leave they may use as part of the unused sick leave program as follows:

Credited Hours of State Services	Maximum Allowable Sick Leave Hours
0-10,400 (0-5 years)	420
10,401-20,800 (5-10 years)	480
20,801-31,200 (10-15 years)	540
31,201+ (15 years or more)	600

Members may use one-half of sick leave hours accrued up to the allowable maximum multiplied by their rate of compensation at retirement.

The PERSI Board extended the rate holiday for employer contributions for Schools and State Funds to June 30, 2028 and June 30, 2031, respectively. Minimal contributions received were from internal audits for delinquent contributions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The System's basic financial statements are prepared utilizing the accrual basis of accounting. Employee and employer contributions are recognized as additions to net position when due and receivable, pursuant to formal commitments and statutory or contractual requirements. Investment income is recognized when earned, and benefit payments and refunds and other expenses are recorded when the benefits are due and payable in accordance with the plans' terms. The pension funds are accounted for on a flow of economic resources measurement focus.

Investments - The System's investments are presented at fair value. Purchases and sales are recorded at the trade date. At month end, there may be certain pending trades that were initiated by managers but not confirmed and, therefore, are not included in the fair value of investments. Investments of the PERSI Base Plan, FRF, JRF and the PERSI TRF (an option of the PERSI Choice Plan) are pooled for investment purposes, as is disclosed in Note 3. The Sick Leave Funds for State and Schools are not pooled.

The Board utilizes and directs individual fund managers to provide whatever investment management and custodial functions the Board has determined best achieves the System's investment objectives. Each fund manager is generally granted full discretion in making investment decisions, within asset allocation policy, portfolio investment policy, specific investment guidelines and other special restrictions set by contract with the Board. The Board monitors overall investment performance and periodically evaluates the performance of each fund manager. The Board in its administration of the System and management of the investment program is guided by the Idaho Uniform Prudent Investor Act, Sections 68-501 through 68-514 of the Idaho Code and of fiduciary responsibilities in the Idaho Code, Section 59-1301, and is empowered in its sole discretion to limit, control, and designate the types and amounts of investments. The Board has adopted an investment policy including policy related to deposit and investment risks identified in GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

The fair value of investments is based on published market prices and quotations from major investment brokers, when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments of matching duration. The fair value of real estate investments is based on industry practice. For recent acquisitions, cost closely approximates fair value. The fair value of longer term real estate holdings is estimated based on the System's consultant assessments and/or independent appraisals. Short-term investments are reported at fair value, when published market prices and quotations are available, or at cost plus accrued interest, which approximate fair value. The fair values of private equity limited partnership investments by their nature have no readily ascertainable market prices. Similar to real estate, cost closely approximates fair value for recent acquisitions. Thereafter, the fair values of limited partnership funds are based on the valuations as presented by the general partner, approved by the funds' advisory committee, and reviewed by consultants. Generally, the companies within a fund are valued by the general partner, taking into account many factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, and additional rounds of financing, and other relevant factors. Because of the lack of published market prices for these investments, the estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual company values, private equity represents 7.30% of total investments. PERSI's real estate and commercial mortgage investments are 3.70% and 3.10%, respectively, of total investments.

Investment expenses presented within the statements of changes in fiduciary net position do not include fees and costs for private equity investments nor does it include fees and commissions

related to public equity transactions. These fees and costs are presented, for information purposes, within the Investment Section of PERSI's Annual Comprehensive Financial Report in the Schedule of Costs for Private Equity Partnerships and the Schedule of Broker Fees and Commissions. These costs are captured within the net asset value for investments as reported in the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position.

The System purchases forward currency contracts for certain international investments and United States of America agency-guaranteed collateralized mortgage obligations for the purpose of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure. The System may incur minor recording costs for forward contracts until the settlement date. Potential future obligations for the forward contracts are not recognized until the contract expiration date.

The following are the Board's adopted asset allocation policies for the Pension Trust Funds (DB Plans, adopted March 2024) and for the Sick Leave Funds (Sick Leave, adopted May 2024), as of June 30, 2026:

	2026	
Asset Class	DB Plans	Sick Leave Plans
Fixed Income	30.00%	50.00%
US Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%
Total	100.00%	100.00%

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates. The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such change could materially affect the amounts reported in the financial statements.

Assets Used in Plan Operations – These assets represent buildings, equipment, and computer software development costs used by the System and are recorded at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful life for buildings improvements are 15 years. The estimated useful life of computer software development costs is 7 years. Computer and technology equipment has a 3 - 5 year useful life.

Totals – The basic financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's basic financial statements for the year ended June 30, 2025, from which the summarized information was derived.

Adoption of New Standard – As of July 1, 2025, PERSI adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the clarity and consistency of financial reporting requirements related to the following areas: 1) Management's discussion and analysis 2) Proprietary fund reporting 3) Unusual or infrequent items and 4) Budgetary comparison schedules. GASB 103 is required to be reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

NOTE 3. DEPOSITS AND INVESTMENTS

A. Deposits

Cash and cash equivalents are deposited with various financial institutions and are carried at cost plus accrued interest. Cash balances represent operating cash accounts held by various banks and on deposit with the State Treasurer. In accordance with Idaho Code Sections 67-1210 and 67-1210A, the State Treasurer invests cash not needed to meet immediate obligations in the pooled Idle Short-term Fund. Deposits are held by its agent in the State Treasurer's name. Pooled balances are available on demand. Cash deposits in other bank accounts are covered by federal depository insurance up to $250,000. The System does not have a policy for custodial credit risk related to cash on deposit at local financial institutions.

Cash and cash equivalents	
Held by the State Treasurer	$ 34,071,117
FDIC insured/collateralized	4,752,026
Uninsured and uncollateralized	—
Total	$ 38,823,143

B. Investments

Investments of the pension trust funds are reported at fair value. See Note 2 for more details. The Board maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. This includes policies pertaining to asset allocation and risk described in subsequent sections. Refer to Note 2 for additional asset allocation information. In fulfilling its responsibilities, the Board has contracted with investment managers, a master global custodian, other custodians, and a cash manager. Manager contracts include specific guidelines regarding the PERSI investments under management.

The following investments, risks disclosures and rate of return do not include assets from the Sick Leave Funds or other Choice Plan options (except TRF). Based on the assets that are being excluded, they do not apply to these disclosures thus it is appropriate to exclude:

Derivatives
Mortgage - Backed Securities
TIPS
Custodial Credit Risk
Concentration of Credit Risk

Investments at fair value as of June 30, 2026, are as follows:

Domestic fixed income	$6,683,535,907
Commingled domestic fixed income (Sick Leave Funds)	403,019,062
Idaho commercial mortgages	849,731,289
Short-term investments	353,571,782
Real estate	1,018,436,944
Domestic equities	13,419,803,814
Commingled domestic equity (Sick Leave Funds)	325,170,941
International equities	2,979,095,854
Commingled international equity (Sick Leave Funds)	86,597,944
Private equity	1,979,419,922
Mutual, collective, and unitized funds	2,090,056,999
Total Investments	$30,188,440,458

Concentrations - In line with policy, the System does not have any investments from a single issuer (excluding explicitly guaranteed governments) that represent more than 5% of the System's net position.

Derivatives - Derivatives are financial obligations whose value is derived from underlying debt or equity securities, commodities, or currencies. Any derivative instruments held by PERSI are for investment purposes only and all information is disclosed within the investment footnotes. The derivatives held by PERSI are reported in the US dollar denomination. They are designed, among other things, to help investors protect themselves against the risk of price changes. In accordance with its investment policy, the System, through its external investment managers, holds investments in forward foreign currency contracts. Only a few selected managers are permitted to use derivatives. In every case, the types of derivatives used and limits on their use are defined in manager contracts and are monitored on an ongoing basis.

Forward Foreign Currency Exchange Contracts are carried at fair value by the System. The System has entered into foreign exchange contracts to purchase or sell currency at various dates in the future at a specific price. Some of the System's international and real estate investment managers use forward contracts to hedge the exposure of investments to fluctuations in foreign currency. Forward foreign exchange contracts are negotiated between two counterparties. The System could sell the forward contract at a loss, or if it were to continue to hold the contract, the System may make a termination payment to the counterparty to cancel its obligation under the contract and then buy the currency on the open market. The System could also incur a loss if its counterparties failed to perform pursuant to the terms of their contractual obligations. Controls are established by the System and the investment managers to monitor the creditworthiness of the counterparties. The System's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. As of June 30, 2026, the System had entered into forward currency contracts to sell foreign currencies with a fair value of $4,720,983 and had entered into forward currency contracts to buy foreign currencies with a fair value of $(4,713,455). Forward currency contracts are receivables or payables reported as investments sold or investments purchased. A net unrealized gain of $7,528

at June 30, 2026 was recorded, which represent the gain which would occur from executing these forward foreign currency contracts.

Mortgage-Backed Securities - These investments are valued based on the cash flows from interest and principal payments on the underlying mortgages. As a result, they are sensitive to prepayments, which are likely to occur in declining interest rate environments, thereby reducing the value of the securities. Details regarding interest rate risk for these investments are included in the Interest Rate Risk section on page 29.

TIPS - Treasury Inflation Protected Securities (TIPS) are fixed income securities issued by the US Treasury that pay a fixed coupon rate plus an adjustment for subsequent inflation. At June 30, 2026, the System had invested in TIPS with a fair value of $2,662,545,485. As fixed income securities, TIPS are included in the domestic fixed income total.

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. The System's investment policies requires each portfolio manager to maintain a reasonable credit risk level relative to its benchmark and provided expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to Staff and these disclosures are to be made available to the Board.

As of June 30, 2026, the System's fixed income assets that are not government guaranteed represented 48.06% of the fixed income portfolio.

The System's fixed income assets are shown with current credit ratings in the table below:

Credit Quality - S & P Rating Level	PERSI/FRF DB Plans	JRF Plan	Total Return Fund	Sick Leave Fund (unrated)	Total
Short-term					
A-1+	$ 36,932,605	$ 190,501	$ 2,090,186	$ —	$ 39,213,292
A-1	32,533,556	167,811	1,841,223	—	34,542,590
A-2	25,249,305	130,238	1,428,974	—	26,808,517
Long-term					
AAA	173,937,740	897,185	9,843,936	—	184,678,861
AA*	749,744,454	3,867,241	42,431,485	—	796,043,180
A	526,007,582	2,713,188	29,769,187	—	558,489,957
BBB	705,984,175	3,641,522	39,954,889	—	749,580,586
BB**	16,419,311	84,692	929,245	—	17,433,248
Not rated	228,287,400	1,177,524	12,919,832	—	242,384,756
Total Credit Risk Fixed Income Securities	2,495,096,128	12,869,902	141,208,957	—	2,649,174,987
US Government	4,030,816,591	20,791,269	228,122,439	—	4,279,730,299
Pooled Investments - (unrated)	9,266,686	47,798	524,444	403,019,061	412,857,989
Idaho Mortgages	845,370,800	4,360,489	47,843,419	—	897,574,708
Total	$7,380,550,205	$ 38,069,458	$ 417,699,259	$ 403,019,061	$8,239,337,983

*Includes US Government Agencies implicitly guaranteed by US Government: HLB $42,264,612; FHLMC $133,764,508; FNMA $410,785,197

**Active bond managers are allowed to invest a portion of their portfolios in non-investment grade securities. These positions are monitored on a regular basis.

Each portfolio is managed in accordance with operational guidelines that are specific as to expected portfolio characteristics that usually, but not always, include credit quality and exposure levels. The System's investment policy requires managers to provide PERSI with expected credit risk exposures in their portfolio guidelines. If the actual credit risk exposure falls outside of these expectations, managers will be required to report these occurrences to staff and these disclosures are to be made available to the Board.

D. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution or bank failure, the System would not be able to recover the value of their deposits and investments that are in the possession of an outside party. The System mitigates custodial credit risk by requiring in policy, to the extent possible, that investments be clearly marked as to PERSI ownership and be registered in the System's name. All securities are required to be delivered to a third-party institution mutually agreed upon by the bank and the System.

The System's cash and deposits are swept daily by the System's custodian and cash manager into short-term investment funds. Clearwater Advisors, LLC is the System's cash manager and invests the bulk of the System's cash, approximately 96.87%, in short-term instruments held at the

custodian bank. Of the remaining cash and deposits at June 30, 2026 approximately 1.24% or, $4,638,627, was held by various counterparties not in the System's name. The remainder, approximately 1.89%, is invested in custodial bank-maintained collective investment funds.

E. Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The System's operational guidelines for investments in any corporate entity are stated in each individual manager's specific portfolio guideline.

Per the System's Investment policy, managers will provide expected concentration of credit risk exposures in their portfolio guidelines. If the concentration of credit risk exceeds expectations, managers are required to report these occurrences to Staff and these disclosures are to be made available to the Board. For the portfolio as a whole, Staff will report to the Board at a regular Board Meeting if the exposure to a non-US government guaranteed credit exceeds 5% of the System's invested assets.

F. Interest Rate Risk

Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration methodology. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the System's fixed income portfolios are managed in accordance with operational guidelines which include an expected range of interest rate risk in the portfolio. Per the System's investment policy, managers will provide PERSI with the expected portfolio duration in their portfolio guidelines. If the duration of the portfolio differs from expectations, managers are to be required to report these occurrences to Staff and these disclosures are to be made available to the Board. The reporting of effective duration found in the tables that follow quantifies the interest rate risk of the System's fixed income assets. Some of the large durations are due to the use of options and forward foreign currency contracts. For line items below reported as "N/A," the duration calculation is not available. A negative duration can occur when floating rate securities trade at a discount.

Effective duration of domestic fixed income assets by security type:

		Fair Value Allocations				
Investment	**Effective Duration in Years**	**PERSI/FRF DB Plans**	**Judges' Plan**	**Total Return Fund**	**Sick Leave Fund**	**Total**
Domestic						
Asset - Backed Securities	2.02	$ 104,786,702	$ 540,498	$ 5,930,361	$ —	$ 111,257,561
Mortgages	2.68	50,004,696	257,928	2,829,996	—	53,092,620
Mortgages	N/A	26,536	137	1,502	—	28,175
Commercial Paper	0.23	69,500,751	358,490	3,933,367	—	73,792,608
Commercial Paper	N/A	25,214,714	130,059	1,427,017	—	26,771,790
Corporate Bonds	6.93	1,190,660,052	6,141,518	67,384,925	—	1,264,186,495
Corporate Bonds	N/A	5,418,295	27,948	306,646	—	5,752,889
Government Agencies	8.02	85,754,042	442,326	4,853,215	—	91,049,583
Government Bonds	7.12	1,524,447,023	7,863,218	86,275,464	—	1,618,585,705
Government Mortgage - Backed Securities	5.15	630,015,512	3,249,670	35,655,473	—	668,920,655
Pooled Investments	0.00	3,915,922	20,199	221,620	403,019,061	407,176,802
Private Placements	3.92	331,204,712	1,708,380	18,744,397	—	351,657,489
Private Placements	N/A	6,541,465	33,741	370,212	—	6,945,418
TIPS	9.41	2,507,688,983	12,934,857	141,921,645	—	2,662,545,485
Idaho Mortgages	N/A	845,370,800	4,360,489	47,843,419	—	897,574,708
Total		$7,380,550,205	$ 38,069,458	$ 417,699,259	$ 403,019,061	$8,239,337,983

G. Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risk, primarily reside within the international equity investment holdings. The System expects the managers of these holdings to maintain adequately diversified portfolios to limit foreign currency risk. Per the System's investment policy, the individual manager guidelines will outline the expected current exposures (either specifically or through ranges of security exposures to particular currency areas) of the underlying portfolio and if the actual currency exposure differs from the expected, managers are to be required to report these occurrences to staff and these disclosures are to be made available to the Board.

Currency gains and losses will result from exchange rate fluctuations. The System's exposure to foreign currency risk expressed in US dollars as of June 30, 2026, is shown in the table that follows. Negative fair values related to variable-rate debt instruments are highly sensitive to changes in interest rates.

Currency	Short-term Investments	Equity	Fixed Income	Total USD Equivalent Fair Value
Australian Dollar	$ 187,711	$ 31,186,387	$ —	$ 31,374,098
Brazil Real	(1,491,671)	42,680,502	—	41,188,831
Canadian Dollar	31,680	17,451,533	—	17,483,213
Danish Krone	1,339,505	63,728,085	—	65,067,590
Euro Currency Unit	23,628,576	1,465,585,241	—	1,489,213,817
Hong Kong Dollar	5,995	192,395,442	—	192,401,437
Indonesian Rupiah	—	16,564,263	—	16,564,263
Israeli Shekel	2,969	2,410,670	—	2,413,639
Japanese Yen	116,084	406,037,527	—	406,153,611
Malaysian Ringgit	17	3,552,206	—	3,552,223
Mexican Peso	(2,020)	20,751,156	—	20,749,136
New Taiwan Dollar	15	97,328,556	—	97,328,571
New Zealand Dollar	1,022	476,705	—	477,727
Norwegian Krone	145,103	10,523,343	—	10,668,446
Philippines Peso	—	7	—	7
Polish Zloty	7,342	—	—	7,342
Pound Sterling	964,109	518,225,292	—	519,189,401
Russian Ruble	—	—	192,261	192,261
Singapore Dollar	3,891	22,337,104	—	22,340,995
South Korean Won	24,513	42,004,000	—	42,028,513
Swedish Krona	61,510	57,085,269	—	57,146,779
Swiss Franc	8,083,546	216,207,008	—	224,290,554
Total value of investments subject to foreign currency risk	$ 33,109,897	$ 3,226,530,296	$ 192,261	$ 3,259,832,454

H. Rate of Return

For the year ended June 30, 2026 the annual money - weighted rate of return on pension plan investments, net of pension plan investment expense was 12.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 4. FAIR VALUE

GASB Statement No. 72, *Fair Value Measurement and Application*, (Statement 72) specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three broad levels listed below:

Level 1 - Unadjusted quoted prices for identical instruments in active markets, that the reporting entity has the ability to access at the measurement date.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model - derived valuations in which all significant inputs and significant value drivers are directly or indirectly observable. Examples would be matrix pricing, market corroborated pricing and inputs such as yield curves and indices.

Level 3 - Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable and may rely on the reporting entity's own assumptions, but the market participant's assumptions that may be used in pricing the asset or liability.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Plan defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the Plan performed a detailed analysis of the assets and liabilities that are subject to Statement 72.

The following table presents fair value measurements as of June 30, 2026:

Instruments by Fair Value Level	Total	Level 1	Level 2	Level 3
Fixed Income Securities:				
US Government	$ 4,250,065,453	$ 4,212,635,977	$ 37,429,476	$ —
Asset Backed - Securitized	1,107,649,396	—	1,107,649,396	—
Corporate	1,073,651,912	—	1,073,651,912	—
Idaho Mortgages	897,574,708	—	897,574,708	—
Non-US Government	89,014,388	—	89,014,388	—
Total Fixed Income Securities	**7,417,955,857**	**4,212,635,977**	**3,205,319,880**	**—**
Equities:				
Domestic	9,694,321,266	9,694,321,266	—	—
Developed Markets	3,850,203,927	3,850,203,927	—	—
Emerging Markets	497,378,055	497,378,055	—	—
Total Equities	**14,041,903,248**	**14,041,903,248**	**—**	**—**
Preferred Securities	19,842,862	18,468,752	1,374,110	—
Mutual Funds - Defined Contribution Investment Options	225,323,658	225,323,658	—	—
Total Investments By Fair Value Level*	**$ 21,705,025,625**	**$ 18,498,331,635**	**$ 3,206,693,990**	**$ —**

* The Total Return Fund and Short-Term Investment Portfolio are unitized Defined Contribution investment options included with the Equity and Fixed Income totals above and the Private Equity Partnerships and Private Real Estate totals below.

Investments measured at the net asset value	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private Equity Partnerships:	$ 2,090,869,527	$1,550,100,992	N/A	N/A
Private Real Estate:	1,075,779,196	N/A	N/A	N/A
Collective Funds:	4,067,842,880	N/A	Daily	T-2
Unitized Funds:	49,908,739	N/A	Daily	T-0
Commingled Funds:	814,787,945	N/A	Daily	T-1
Total Investments Measured At The Net Asset Value (NAV)	8,099,188,287			
Total	$29,804,213,912	$1,550,100,992		

Investment Derivative Instruments By Fair Value	Total	Level 1	Level 2	Level 3
Foreign Exchange Contracts - Receivable	$4,720,983	$ —	$4,720,983	$ —
Foreign Exchange Contracts - Payable	(4,713,455)	—	(4,713,455)	—
Total Investment Derivative Instruments	$7,528	$ —	$7,528	$ —

The Plan uses a Fair Value Hierarchy (FVH) report within the custodial reporting system that is based on asset class and utilizing a proprietary matrix. The custodian uses several third party vendors to establish pricing. When possible, secondary vendor pricing is used to check for accuracy against the primary vendor's price. The pricing vendors provide detailed pricing and reference data outlining their inputs, pricing applications, models, and methodologies. FVH reporting is reviewed and researched if inconsistencies are observed.

Short-Term Securities: These items were removed from leveling table due to the nature of securities. These are cash equivalents and highly liquid investments that are readily convertible to known amounts of cash and so near to their maturity that they present insignificant risk of changes in value.

Equities: Equities at Level 1 are using quoted prices for identical securities in an active market.

Fixed Income: These securities are primarily in Level 1 and 2. Information such as sector groupings, benchmark curves, like security benchmarking, reported trades, broker/dealer quotes and other reference data are all used to assist with pricing of all types of securities. Specifically, these categories used the following methodologies.

> *US Government:* Electronic fixed income trade platform and broker feeds are used and reviewed for consistency and outliers.
>
> *Asset Backed/Securitized:* Uses volatility - driven, multi-dimensional spread tables and option adjusted spread and prepayment model.
>
> *Corporate and Non-US Government:* Multi - dimensional relational models are used along with option adjusted spread.
>
> *Idaho Mortgages:* The fair value of the commercial mortgage portfolio is calculated daily. Expected cash flows for loans are discounted with rates that are based on the US Treasury yield curve. The relevant discount rates include a spread above Treasury yields that accounts for credit and liquidity risk.

Mutual Funds: Valued at the daily closing price as reported by the fund and reported as Level 1. Mutual funds held by the Plan are open - end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Private Equity Partnerships: These are reported at the NAV and includes limited partnerships invested in the following strategies: Growth Equity, Corporate Finance/Buyout, Distressed Debt, Co/Direct Investments, Secondaries, and Venture Capital. Fair value is obtained by using a valuation provided by the General Partner, adjusting for interim cash flows and rolling forward to the measurement date of the Plan. A gatekeeper is used to monitor values, cash flows, and provide due diligence for new investments. The fair values presented may differ from actual amounts realized from these investments.

Preferred Securities: These are primarily Level 1 for stocks quoted prices (unadjusted) in an active market for identical assets. Level 2 use observable inputs other than quoted prices in active markets for identical assets/liabilities. They may also use inputs that are directly or indirectly observable for the asset or liability.

Real Estate: *Real Estate Investment Trusts (REITs)* are publicly traded securities and are included with Equities: Domestic, Level 1, as those securities are traded in an active market.

Private Real Estate are investments owned directly or with other partnership interests and are in several general categories to include Multifamily Properties, Value Added Apartments, Value Added Offices, Value Added Retail, Office/Industrial Properties, Core Office, Industrial and Development Properties and are listed with investments measured at the NAV. Each property in the Portfolio is externally appraised at a minimum every year. Appraisals are completed by third party MAI certified appraisers. For properties not subject to an external appraisal during a quarter, internal valuations are completed by AEW (the Plan's private real estate consultant) (or Pinnacle and reviewed by AEW), based on updated operational performance at the subject property and any relevant sale comparable. A discounted cash flow analysis is utilized to determine asset value. Prior to finalizing the values, Altus (an independent professional advisory with expertise in appraisals) reviews every valuation quarterly and communicates its questions/findings to AEW before approval. The valuation of the Affordable Housing properties is calculated by a third party valuation and accounting specialist in the affordable housing industry once a year at December 31st. Development properties are initially valued at their accumulated cost amounts until completion, upon which an appraisal is done.

Prudential is an open-ended commingled insurance company separate account comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. Fair value is generally determined through an appraisal process that is conducted by independent appraisers within a reasonable amount of time following acquisition and no less frequently than annual thereafter.

Collective Trust Funds: There are collective trust funds offered as investment options in the Defined Contribution Plan, and as part of the Defined Benefit Plan. Collective funds are valued based on the NAV of the underlying investments. Collective Trusts are regulated, but not registered investment vehicles.

Commingled Funds: These are the investment vehicles used for the Plan's Sick Leave Funds where funds are pooled from numerous plans. They are valued at net asset value of units held at the end of the period based upon the fair value of the underlying investments.

Derivatives: *Forward Exchange Contracts* use a market approach with foreign exchange rates. Futures are standardized legal contracts to buy or sell something at a predetermined price at a specified time in the future.

NOTE 5. NET PENSION LIABILITY (ASSET)

The components of the net pension liability (asset) of the participating plans as of June 30, 2026 are as follows:

	PERSI Base Plan 2026	FRF 2026	JRF 2026
Total pension liability	$ 27,984,810,851	$ 239,130,945	$ 146,476,513
Plan fiduciary net position	26,737,113,237	562,236,421	140,623,446
Employers' net pension liability (asset)	$ 1,247,697,614	$ (323,105,476)	$ 5,853,067
Plan fiduciary net position as a percentage of total pension liability	95.54 %	235.12 %	96.00 %

The net pension liability (asset) is calculated using a discount rate of 6.55%, which is the expected rate of return on investments reduced by investment expenses. The unfunded liability as reported in Management's Discussion and Analysis is calculated using 6.50%, which is the expected rate of return on investments reduced by investment and administrative costs. The net pension liability was determined by an actuarial valuation as of July 1, 2026, applied to all prior periods included in the measurement. Had the calculation been performed as of June 30, 2026, there would be no material changes. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Economic assumptions for the Base Plan, FRF, and JRF were studied in the most recent actuarial experience study performed for the period 2020 through 2024. Demographic assumptions, including mortality, for the Base Plan and FRF were studied for the period 2020 through 2024. Demographic assumptions, including mortality, for JRF were studied for the period 2018 through 2023.

Actuarial Assumptions – The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Actuarial Assumptions	PERSI Base Plan	FRF	JRF
Inflation	2.40%	2.40%	2.40%
Salary increases including inflation	3.15%	3.15%**	3.15%*
Investment rate of return - net of investment fees	6.55%	6.55%	6.55%
PAA adjustments	1.00%**	***	***

*3.15% percent or 1.00 percent depending on whether the member was hired on or before July 1, 2012 and by whether the judge (if it was an option available) made an irrevocable election to use the PERSI PAA.

**3.15% percent PAA is assumed for the gross benefit paid to members of FRF. A 1.00 percent PAA is assumed for the PERSI benefit offsets used to determine the benefits paid by FRF.

***There is an additional component of assumed salary growth (on top of the 3.15%) that varies for each individual member based on years of service.

Mortality

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries, as well as for the Judicial members. These rates were adopted for the valuation dated July 1, 2025.

Contributing Members, Service Retirement Members, and Beneficiaries	
General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 Teacher Tables, increased 12%
Teachers - Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%
	7% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2026.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%
Judicial Members	
Males - Pre-Commencement	General Pub-2010 Above Median tables for male employees
Males - Post-Commencement	General Pub-2010 Above Median tables for male healthy annuitants
Females - Pre-Commencement	General Pub-2010 Above Median tables for female employees
Females - Post-Commencement	General Pub-2010 Above Median tables for female healthy annuitants

All mortality tables are adjusted with generational projection scales. The projection scales are calculated at each age as the 60 year geometric average of the mortality improvement rates reported by Social Security Administration from 1959 through 2019 (blended 50% male, 50% female).

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets. The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Capital Market Assumptions

Asset Class	Target Allocation	10-Year Projected Real Rate of Return
Cash	0.00%	0.00%
Large Cap US Equity	22.00%	4.75%
Small/Mid Cap US Equity	10.00%	4.95%
Developed ex-US Equity	11.00%	4.75%
Emerging Markets Equity	11.00%	4.95%
Core US Fixed	20.00%	2.25%
TIPS	10.00%	2.00%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount rate – The discount rate used to measure the total pension liability was 6.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

Sensitivity of the net pension liability (asset) to changes in the discount rate – The following presents the net pension liability (asset) of PERSI, FRF and JRF employers calculated using the discount rate of 6.55% as well as what the employers' liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 5.55%	Current Discount Rate 6.55%	1% Increase 7.55%
Employers' net pension liability (asset) - PERSI	$4,826,807,271	$1,247,697,614	$ (1,675,330,523)
Employers' net pension liability (asset) - FRF	(304,661,495)	(323,105,475)	(339,365,629)
Employers' net pension liability (asset) - JRF	20,318,967	5,856,427	(6,523,304)

NOTE 6. NET OPEB ASSET

The components of the net OPEB asset associated with the Sick Leave Funds of the participating employers as of June 30, 2026 is as follows:

State Members	2026
Total OPEB liability	$106,023,710
Plan fiduciary net position	345,395,030
Employers' net OPEB liability (asset)	$(239,371,320)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	325.77 %

School Members	2026
Total OPEB liability	$326,929,984
Plan fiduciary net position	471,149,854
Employers' net OPEB liability (asset)	$(144,219,870)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	144.11 %

The OPEB asset is calculated using a discount rate of 5.62% which is the expected rate of return on investments reduced by investment expenses. The net OPEB asset was determined by an actuarial valuation as of July 1, 2026. Had the calculation been performed as of June 30, 2026, there would be no material changes. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net OPEB asset are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Board's adopted asset allocation policy for the Sick Leave Funds as of June 30, 2026 was 50% Fixed income, 39.30% US equity, and 10.70% International equity.

Actuarial Assumptions	Sick Leave Funds
Inflation	2.40%
Salary increases including inflation	3.15%
Investment rate of return - net of investment fees	5.62%

The long-term expected rate of return on OPEB plan investments was determined using the building block approach and a forward looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term

expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, PERSI relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets.

The expected nominal rate of return is determined by adding the assumed expected inflation of 2.40% to the expected long-term real return.

Asset Class	Target Allocation*	10-Year Projected Real Rate of Return *
Broad US Equity	39.36%	4.85%
Global ex-US Equity	10.64%	4.95%
Core US Fixed	50.00%	2.25%

*Based on Milliman's Financial Reporting Valuation.

Discount rate – The discount rate used to measure the total OPEB liability was 5.62%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense without reduction for OPEB plan administrative expense.

Sensitivity of the net OPEB liability (asset) to changes in the discount rate – The following presents the net OPEB liability (asset) calculated using the discount rate of 5.62% as well as what the employers' liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 4.62%	Current Discount Rate 5.62%	1% Increase 6.62%
State Members - Net OPEB Liability (Asset)	$ (229,157,038)	$ (239,371,320)	$ (248,326,778)
School Members - Net OPEB Liability (Asset)	(115,860,463)	(144,219,870)	(169,893,850)

NOTE 7. ASSETS USED IN PLAN OPERATIONS

Assets used in plan operations at June 30, 2026 and 2025, consist of the following:

	2026	2025
Buildings and improvements	$ 6,187,349	$ 6,174,420
Less accumulated depreciation	(6,138,554)	(6,133,667)
Total buildings and improvements	48,795	40,753
Equipment	1,124,443	597,494
Less accumulated depreciation	(455,521)	(367,902)
Total equipment	668,922	229,592
Computer software development - Arrivos	21,051,529	18,042,382
Less accumulated amortization	(11,931,591)	(11,024,716)
Total computer software development - Arrivos	9,119,938	7,017,666
Total assets used in plan operations	$ 9,837,655	$ 7,288,011

Depreciation expense is a component of administrative expense. For the year ended June 30, 2026, depreciation expense on the buildings and improvements was $4,887 and $96,572 for equipment. PERSI's building has fully depreciated. Major building improvements are depreciated using 15-year life cycle, equipment is depreciated using a 3 to 5-year life cycle. Computer software is amortized using a 7-year life cycle. During the fiscal year, PERSI continued development of the Arrivos upgrade, its core business software system. Server upgrade was also implemented.

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

The State funds, or partially funds, post employment benefits relating to health, disability, and life insurance. Employees of PERSI participate in the State of Idaho’s post employment benefit programs. The State administers the retiree healthcare plan which allows eligible retirees to purchase healthcare insurance coverage for themselves and eligible dependents. The State provides long-term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. Additionally, the State provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage. Benefits costs are paid by PERSI through a rate charged by the State. The primary government (State of Idaho) is reporting the liability for the retiree healthcare and long-term disability benefits. Specific details of these other post employment benefits are available in the Annual Comprehensive Financial Report of the State of Idaho which may be accessed at www.sco.idaho.gov.

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2026

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
FISCAL YEARS ENDING JUNE 30

PERSI Base Plan

	2026	2025	2024	2023	2022
Total pension liability changes for the year					
Service cost[1]	$ 750,657,090	$ 760,233,915	$ 701,894,003	$ 637,491,431	$ 596,927,904
Interest[1][2]	1,743,162,519	1,648,218,420	1,571,819,788	1,480,236,878	1,397,434,963
Effect of plan changes	172,140,676	39,744,573	—	22,917,868	274,272,094
Effect of economic/demographic gains or losses	173,695,552	160,779,384	202,720,914	506,681,792	457,371,784
Effect of assumptions changes or inputs	(430,507)	(550,294,170)	—	—	—
Benefit payments, including refunds of member contributions	(1,411,465,803)	(1,374,038,315)	(1,290,539,869)	(1,249,058,510)	(1,129,444,374)
Net change in total pension liabilities	1,427,759,527	684,643,807	1,185,894,836	1,398,269,459	1,596,562,371
Total pension liability - beginning	26,557,051,324	25,872,407,517	24,686,512,681	23,288,243,222	21,691,680,851
Total pension liability - ending	27,984,810,851	26,557,051,324	25,872,407,517	24,686,512,681	23,288,243,222
Plan net position					
Contributions - employer	642,555,442	621,829,960	554,409,453	513,828,265	476,416,795
Contributions - employee	414,582,751	399,578,459	359,388,202	335,646,335	315,161,350
Net investment income (loss)	2,964,745,055	2,370,733,712	1,824,049,369	1,755,938,036	(2,073,323,125)
Benefit payments, including refunds of member contributions	(1,411,465,803)	(1,374,038,315)	(1,290,539,869)	(1,249,058,510)	(1,129,444,374)
Administrative expense	(12,193,081)	(10,977,574)	(11,386,642)	(9,997,170)	(9,984,308)
Net change in plan net position	2,598,224,364	2,007,126,242	1,435,920,513	1,346,356,956	(2,421,173,662)
Plan net position - beginning	24,138,888,873	22,131,762,631	20,695,842,118	19,349,485,162	21,770,658,824
Plan net position - ending	26,737,113,237	24,138,888,873	22,131,762,631	20,695,842,118	19,349,485,162
Plan net pension liability (asset) - ending	$1,247,697,614	$2,418,162,451	$3,740,644,886	$3,990,670,563	$3,938,758,060

[1] Service cost and interest on total pension liability are measured after reflecting the effect of plan changes but before reflecting the assumption changes.
[2] Includes interest on total pension liability, service cost, plan changes, and benefit payments.

See Notes to Required Supplementary Information

2021	2020	2019	2018	2017
$ 513,205,361	$ 484,964,767	$ 461,646,272	$ 437,257,407	$ 406,910,895
1,388,578,112	1,321,253,945	1,250,119,942	1,202,947,872	1,129,286,928
5,638,304	372,935,449	—	84,200,000	12,200,000
26,369,372	166,634,457	(105,480,176)	(38,113,799)	273,580,592
1,136,086,143	—	—	104,724,103	—
(1,092,389,237)	(1,012,529,440)	(975,200,330)	(909,678,264)	(864,785,159)
1,977,488,055	1,333,259,178	631,085,708	881,337,319	957,193,256
19,714,192,796	18,380,933,618	17,749,847,910	16,868,510,591	15,911,317,335
21,691,680,851	19,714,192,796	18,380,933,618	17,749,847,910	16,868,510,591
450,951,588	430,638,154	390,080,902	369,139,113	356,367,389
294,084,814	280,790,591	257,060,511	243,950,654	237,032,668
4,734,923,136	463,879,610	1,301,966,592	1,283,658,926	1,692,713,855
(1,092,389,237)	(1,012,529,440)	(975,200,330)	(909,678,264)	(864,785,159)
(8,972,053)	(10,179,831)	(9,276,642)	(8,922,335)	(8,810,136)
4,378,598,248	152,599,084	964,631,033	978,148,094	1,412,518,617
17,392,060,576	17,239,461,492	16,274,830,459	15,296,682,365	13,884,163,748
21,770,658,824	17,392,060,576	17,239,461,492	16,274,830,459	15,296,682,365
$ (78,977,973)	$2,322,132,220	$1,141,472,126	$1,475,017,451	$1,571,828,226

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
FISCAL YEARS ENDING JUNE 30

Firefighters' Retirement Fund

	2026	2025	2024	2023	2022
Total pension liability changes for the year					
Service cost	$ —	$ —	$ —	$ —	$ —
Interest[1]	14,360,861	14,233,093	14,315,101	14,779,983	14,749,137
Effect of plan changes	—	—	—	—	—
Effect of economic/demographic gains or losses	16,239,235	2,460,160	3,945,792	(2,630,514)	4,963,948
Effect of assumptions changes or inputs	—	(1,245,811)	—	—	—
Benefit payments, including refunds of member contributions	(21,103,181)	(19,611,416)	(19,495,076)	(19,446,545)	(19,014,750)
Net change in total pension liabilities	9,496,915	(4,163,974)	(1,234,183)	(7,297,076)	698,335
Total pension liability - beginning	229,634,030	233,798,004	235,032,187	242,329,263	241,630,928
Total pension liability - ending	239,130,945	229,634,030	233,798,004	235,032,187	242,329,263
Plan net position					
Contributions - employer[2]	5,391,157	4,544,128	3,888,153	3,346,505	2,901,920
Contributions - employee	—	—	—	—	—
Net investment income (loss)	56,387,317	51,182,400	29,728,492	39,961,291	(48,067,876)
Benefit payments, including refunds of member contributions	(21,103,181)	(19,611,416)	(19,495,076)	(19,446,545)	(19,014,750)
Administrative expense	(1,875)	(46,201)	(62,420)	(46,516)	(56,863)
Net change in plan net position	40,673,418	36,068,911	14,059,149	23,814,735	(64,237,569)
Plan net position - beginning	521,563,002	485,494,091	471,434,942	447,620,207	511,857,776
Plan net position - ending	562,236,421	521,563,002	485,494,091	471,434,942	447,620,207
Plan net pension liability (asset) - ending	$ (323,105,475)	$ (291,928,972)	$ (251,696,087)	$ (236,402,755)	$ (205,290,944)

[1] Includes interest on total pension liability, service cost, benefit payments, and plan changes. Measured before reflecting effect of the assumption changes.
[2] Includes Fire Insurance Premium Tax.

See Notes to Required Supplementary Information

2021	2020	2019	2018	2017
$ —	$ —	$ —	$ —	$ —
15,415,347	18,555,434	19,216,525	19,841,800	20,041,184
—	—	—	(615,405)	(68,748)
(6,986,802)	(4,019,534)	(9,593,204)	(9,182,411)	(3,116,488)
(16,003,571)	—	—	1,386,562	—
(18,828,213)	(19,073,931)	(18,929,519)	(18,934,403)	(19,294,441)
(26,403,239)	(4,538,031)	(9,306,198)	(7,503,857)	(2,438,493)
268,034,167	272,572,198	281,878,396	289,382,253	291,820,746
241,630,928	268,034,167	272,572,198	281,878,396	289,382,253
2,549,471	8,660,397	8,247,827	7,706,226	7,452,987
—	4,503	4,540	4,368	4,385
111,249,774	11,090,094	36,330,366	31,124,311	41,488,825
(18,828,213)	(19,073,931)	(18,929,519)	(18,934,403)	(19,294,441)
(46,585)	(73,557)	(55,031)	(29,833)	(43,022)
94,924,447	607,506	25,598,183	19,870,669	29,608,734
416,933,329	416,325,823	395,048,552	375,177,883	345,569,149
511,857,776	416,933,329	416,325,823	395,048,552	375,177,883
$ (270,226,848)	$ (148,899,162)	$ (143,753,625)	$ (113,170,156)	$ (85,795,630)

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET)
FISCAL YEARS ENDING JUNE 30

Judges' Retirement Fund

	2026	2025	2024	2023	2022
Total pension liability changes for the year					
Service cost[1]	$ 3,770,780	$ 3,726,036	$ 3,874,346	$ 3,817,043	$ 3,834,828
Interest[1][2]	9,406,781	8,519,168	8,339,141	7,963,806	7,728,109
Effect of economic/demographic gains or losses	(1,378,597)	8,926,487	50,716	2,993,081	551,964
Effect of assumptions changes or inputs	—	(1,918,276)	101,521	—	—
Benefit payments, including refunds of member contributions	(10,171,980)	(9,529,321)	(9,239,797)	(8,610,785)	(8,166,744)
Net change in total pension liabilities	1,626,984	9,724,094	3,125,927	6,163,145	3,948,157
Total pension liability - beginning	144,849,529	135,125,435	131,999,508	125,836,363	121,888,206
Total pension liability - ending	146,476,513	144,849,529	135,125,435	131,999,508	125,836,363
Plan net position					
Contributions - employer	6,570,945	5,800,355	5,542,091	5,438,760	5,120,089
Contributions - employee	1,164,699	993,064	939,033	924,368	908,857
Net investment income (loss)	15,671,752	12,524,719	9,658,022	9,444,602	(11,161,869)
Benefit payments, including refunds of member contributions	(10,171,980)	(9,529,321)	(9,239,797)	(8,610,785)	(8,166,744)
Administrative expense	(79,953)	(119,171)	(121,476)	(115,561)	(106,053)
Net change in plan net position	13,155,463	9,669,646	6,777,873	7,081,384	(13,405,720)
Plan net position - beginning	127,464,623	117,794,977	111,017,104	103,935,720	117,341,440
Plan net position - ending	140,623,446	127,464,623	117,794,977	111,017,104	103,935,720
Plan net pension liability - ending	$ 5,856,427	$ 17,384,906	$ 17,330,458	$ 20,982,404	$ 21,900,643

[1] Service cost and interest are measured after reflecting the effect of plan changes but before reflecting the effect of assumption changes.

[2] Includes interest on total pension liability, service cost, plan changes, assumption changes, and benefit payments.

See Notes to Required Supplementary Information

2021	2020	2019	2018	2017
$ 3,489,980	$ 3,343,947	$ 3,177,846	$ 2,962,939	$ 3,179,411
8,127,424	7,930,143	7,502,002	7,329,407	7,055,599
(106,337)	(962,452)	2,627,021	(400,640)	265,945
2,489,739	—	—	—	—
(7,679,687)	(7,639,712)	(7,168,403)	(6,691,558)	(6,173,415)
6,321,119	2,671,926	6,138,466	3,200,148	4,327,540
115,567,087	112,895,161	106,756,695	103,556,547	99,229,007
121,888,206	115,567,087	112,895,161	106,756,695	103,556,547
5,066,720	4,878,534	4,688,762	4,278,996	3,946,599
875,812	845,925	778,864	714,804	630,392
25,476,975	2,535,628	6,936,823	6,938,171	9,157,849
—	12,960	13,200	—	—
(7,679,687)	(7,639,712)	(7,168,403)	(6,691,558)	(6,173,415)
(104,054)	(127,095)	(121,305)	(104,949)	(74,035)
23,635,766	506,240	5,127,941	5,135,464	7,487,390
93,705,674	93,199,434	88,071,493	82,936,029	75,448,639
117,341,440	93,705,674	93,199,434	88,071,493	82,936,029
$ 4,546,766	$ 21,861,413	$ 19,695,727	$ 18,685,202	$ 20,620,518

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF NET PENSION LIABILITY (ASSET)
FISCAL YEARS ENDED JUNE 30

PERSI Base Plan	2026	2025	2024	2023	2022
Total Pension Liability	$27,984,810,851	$26,557,051,324	$25,872,407,517	$24,686,512,681	$23,288,243,222
Plan net position	26,737,113,237	24,138,888,873	22,131,762,631	20,695,842,118	19,349,485,162
Net pension liability (asset)	$1,247,697,614	$2,418,162,451	$3,740,644,886	$3,990,670,563	$3,938,758,060
Plan net position as a percentage of total pension liability (asset)	95.54%	90.89%	85.54%	83.83%	83.09%
Covered payroll	$5,023,590,782	$4,770,642,002	$4,573,375,234	$4,234,635,471	$3,926,540,125
Net pension liability (asset) as a percentage of covered payroll	24.84%	50.69%	81.79%	94.24%	100.31%

Firefighters' Retirement Fund	2026	2025	2024	2023	2022
Total Pension Liability	$239,130,945	$229,634,030	$233,798,004	$235,032,187	$242,329,263
Plan net position	562,236,421	521,563,002	485,494,091	471,434,942	447,620,207
Net pension liability (asset)	$(323,105,475)	$(291,928,972)	$(251,696,087)	$(236,402,755)	$(205,290,944)
Plan net position as a percentage of total pension liability (asset)	235.12%	227.13%	207.66%	200.58%	184.72%
Covered payroll	$104,838,529	$99,971,222	$92,485,844	$84,485,207	$78,865,896
Net pension liability (asset) as a percentage of covered payroll	(308.19)%	(292.01)%	(272.15)%	(279.82)%	(260.3)%

Judges' Retirement Fund	2026	2025	2024	2023	2022
Total Pension Liability	$146,476,513	$144,849,529	$135,125,435	$131,999,508	$125,836,363
Plan net position	140,623,446	127,464,623	117,794,977	111,017,104	103,935,720
Net pension liability (asset)	$5,856,427	$17,384,906	$17,330,458	$20,982,404	$21,900,643
Plan net position as a percentage of total pension liability (asset)	96.00%	88.00%	87.17%	84.10%	82.60%
Covered payroll	$10,508,468	$9,276,115	$8,863,091	$8,697,841	$8,188,212
Net pension liability (asset) as a percentage covered of payroll	55.73%	187.42%	195.54%	241.24%	267.47%

See Notes to Required Supplementary Information

2021	2020	2019	2018	2017
$21,691,680,851	$19,714,192,796	$18,380,933,618	$17,749,847,910	$16,868,510,591
21,770,658,824	17,392,060,576	17,239,461,492	16,274,830,459	15,296,682,365
$(78,977,973)	$2,322,132,220	$1,141,472,126	$1,475,017,451	$1,571,828,226
100.36%	88.22%	93.79%	91.69%	90.68%
$3,716,726,113	$3,546,033,069	$3,382,051,785	$3,200,396,203	$3,089,555,264
(2.12)%	65.49%	33.75%	46.09%	50.88%

2021	2020	2019	2018	2017
$241,630,928	$268,034,167	$272,572,198	$281,878,396	$289,382,253
511,857,776	416,933,329	416,325,823	395,048,552	375,177,883
$(270,226,848)	$(148,899,162)	$(143,753,625)	$(113,170,156)	$(85,795,630)
211.83%	155.55%	152.74%	140.15%	129.65%
$85,896,222	$78,657,631	$78,284,032	$74,848,287	$70,568,501
(314.60)%	(189.30)%	(183.63)%	(151.20)%	(121.58)%

2021	2020	2019	2018	2017
$121,888,206	$115,567,087	$112,895,161	$106,756,695	$103,556,547
117,341,440	93,705,674	93,199,434	88,071,493	82,936,029
$4,546,766	$21,861,413	$19,695,727	$18,685,202	$20,620,518
96.27%	81.08%	82.55%	82.50%	80.09%
$8,102,863	$7,801,909	$6,731,755	$6,178,081	$6,162,190
56.11%	280.21%	292.58%	302.44%	334.63%

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF CONTRIBUTIONS
FISCAL YEARS 2017 - 2026

	PERSI Base Plan				
Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2017	$ 337,212,145	$ 356,367,389	$ (19,155,244)	$3,089,555,264	11.53%
2018	388,341,490	369,139,113	19,202,377	3,200,396,203	11.53
2019	382,640,388	390,080,902	(7,440,514)	3,382,051,785	11.53
2020	392,340,997	430,638,154	(38,297,157)	3,546,033,069	12.14
2021	394,829,024	450,951,588	(56,122,564)	3,716,726,113	12.13
2022	463,066,559	476,416,795	(13,350,236)	3,926,540,125	12.13
2023	436,757,899	513,828,265	(77,070,366)	4,234,635,471	12.13
2024	650,450,333	554,409,453	96,040,880	4,573,375,234	12.12
2025	621,829,960	621,829,960	—	4,770,642,002	13.03
2026	642,555,442	642,555,442	—	5,023,590,782	12.79

	Firefighters' Retirement Fund				
Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution[1]	Contribution Deficiency (Excess)	Covered Payroll[2]	Contribution as a % of Covered Payroll
2017	$ —	$ 7,452,987	$ (7,452,987)	$ 70,568,501	10.56%
2018	—	7,706,226	(7,706,226)	74,848,287	10.30
2019	—	8,247,827	(8,247,827)	78,284,032	10.54
2020	—	8,660,397	(8,660,397)	78,657,631	11.01
2021	—	2,549,471	(2,549,471)	85,896,222	2.97
2022	—	2,901,920	(2,901,920)	78,865,896	3.68
2023	—	3,346,505	(3,346,505)	84,485,207	3.96
2024	—	3,888,153	(3,888,153)	92,485,844	4.20
2025	—	4,544,128	(4,544,128)	99,971,222	4.55
2026	—	5,391,157	(5,391,157)	104,838,529	5.14

[1] Contribution shown in this column includes the Fire Insurance Premium Tax. Starting in fiscal year 2021, there were no employer contributions other than the Fire Insurance Premium Tax.
[2] Covered Payroll for the Firefighters' Retirement Fund is the total annual payroll of all firefighters in the participating fire departments, including firefighters who are not eligible to participate.

See Notes to Required Supplementary Information

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF CONTRIBUTIONS
FISCAL YEARS 2017 - 2026

	Judges' Retirement Fund				
Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2017	$ 3,604,265	$ 3,946,599	$ (342,334)	$ 6,162,190	64.05%
2018	3,273,147	4,278,996	(1,005,849)	6,178,081	69.26
2019	3,307,311	4,688,762	(1,381,451)	6,731,755	69.65
2020	3,897,054	4,878,534	(981,480)	7,801,909	62.53
2021	4,032,795	5,066,720	(1,033,925)	8,102,863	62.53
2022	3,367,812	5,120,089	(1,752,277)	8,188,212	62.53
2023	4,906,452	5,438,760	(532,308)	8,697,841	62.53
2024	5,542,091	5,542,091	—	8,863,091	62.53
2025	5,800,355	5,800,355	—	9,276,115	62.53
2026	6,570,945	6,570,945	—	10,508,468	62.53

See Notes to Required Supplementary Information

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND AND JUDGES' RETIREMENT FUND

SCHEDULE OF INVESTMENT RETURNS
FISCAL YEARS 2017 - 2026

Fiscal Year	Annual money weighted rate of return, net of investment expense
2017	12.38%
2018	8.51%
2019	8.00%
2020	2.79%
2021	27.61%
2022	(9.61)%
2023	9.24%
2024	8.84%
2025	10.81%
2026	12.36%

See Notes to Required Supplementary Information

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE FUNDS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET)
FISCAL YEARS ENDING JUNE 30

Sick Leave Fund - State

	2026	2025	2024	2023	2022
Total OPEB liability changes for the year					
Service cost[1]	$ 6,035,245	$ 5,700,206	$ 5,275,345	$ 4,562,774	$ 4,679,986
Interest[1][2]	7,366,423	6,941,368	6,440,138	5,717,047	5,789,278
Effect of plan changes	—	—	—	—	—
Effect of economic/demographic gains or losses	(6,709,698)	(189,528)	2,506,975	3,149,777	3,360,108
Effect of assumptions changes or inputs	(26,993,571)	395,500	—	4,688,300	(9,572,405)
Benefit payments, including refunds of member contributions	(5,532,948)	(5,237,802)	(5,657,498)	(5,470,465)	(5,459,867)
Net change in total OPEB liabilities	(25,834,549)	7,609,744	8,564,960	12,647,433	(1,202,900)
Net OPEB liability - beginning	131,858,259	124,248,515	115,683,555	103,036,122	104,239,022
Total OPEB liability - ending (a)	$ 106,023,710	$ 131,858,259	$ 124,248,515	$ 115,683,555	$ 103,036,122
Plan net position					
Contributions - employer[3]	$ 1,839	$ 971	$ —	$ (833)	$ (182)
Net investment income (loss)	41,098,750	31,214,441	30,862,676	19,839,297	(36,181,966)
Benefit payments, including refunds of member contributions	(5,532,948)	(5,237,802)	(5,657,498)	(5,470,465)	(5,459,867)
Administrative expense	(60,612)	(60,061)	(56,590)	(48,921)	(48,539)
Net change in plan net position	35,507,029	25,917,549	25,148,588	14,319,078	(41,690,554)
Plan net position - beginning	309,888,001	283,970,452	258,821,864	244,502,786	286,193,340
Plan net position - ending (b)	$ 345,395,030	$ 309,888,001	$ 283,970,452	$ 258,821,864	$ 244,502,786
Net OPEB liability/(asset), ending = (a) - (b)	$ (239,371,320)	$ (178,029,742)	$ (159,721,937)	$ (143,138,309)	$ (141,466,664)

[1] Service cost and interest cost are measured after reflecting the changes of benefit terms but before reflecting the changes of assumptions.
[2] Includes interest on total OPEB liability, service cost, changes of benefit terms, and benefit payments.
[3] Refunds of employer contributions due to participant audits have been previously reported as negative employer contributions. Going forward these refunds will be reported in Administrative expense.

See Notes to Required Supplementary Information

2021	2020	2019	2018	2017
$ 4,715,656	$ 3,939,068	$ 4,326,780	$ 4,170,390	$ 4,043,479
5,650,851	7,105,202	6,592,557	6,207,620	6,223,171
—	—	—	(5,771,416)	—
(2,555,609)	(2,161,468)	1,415,058	—	—
8,214,660	(10,060,579)	—	186,986	—
(5,083,113)	(4,739,183)	(4,611,044)	(4,671,380)	(5,010,974)
10,942,445	(5,916,960)	7,723,351	122,200	5,255,676
93,296,577	99,213,537	91,490,186	91,367,986	86,112,310
$ 104,239,022	$ 93,296,577	$ 99,213,537	$ 91,490,186	$ 91,367,986
$ (682)	$ 4,494,217	$ 7,497,670	$ 7,161,239	$ 7,136,693
56,875,563	9,556,026	16,085,961	17,316,960	12,294,424
(5,083,113)	(4,739,183)	(4,611,044)	(4,671,380)	(5,010,974)
(47,914)	(47,225)	(47,183)	(44,182)	(41,148)
51,743,854	9,263,835	18,925,404	19,762,637	14,378,995
234,449,486	225,185,651	206,260,247	186,497,610	172,118,615
$ 286,193,340	$ 234,449,486	$ 225,185,651	$ 206,260,247	$ 186,497,610
$ (181,954,318)	$ (141,152,909)	$ (125,972,114)	$ (114,770,061)	$ (95,129,624)

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE FUNDS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET)
FISCAL YEARS ENDING JUNE 30

Sick Leave Fund - Schools

	2026	2025	2024	2023	2022
Total OPEB liability changes for the year					
Service cost[1]	$ 14,549,452	$ 13,646,632	$ 12,832,585	$ 11,992,603	$ 11,701,233
Interest[1][2]	18,918,769	17,326,609	16,586,009	15,543,305	15,339,907
Effect of economic/demographic gains or losses	(17,150,383)	5,132,591	(3,027,074)	(1,051,078)	1,425,881
Effect of assumptions changes or inputs	(14,337,516)	6,503,584	—	5,283,409	(12,023,043)
Benefit payments, including refunds of member contributions	(15,068,638)	(13,548,125)	(13,683,195)	(13,274,336)	(12,739,283)
Net change in total OPEB liabilities	(13,088,316)	29,061,291	12,708,325	18,493,903	3,704,695
Net OPEB liability - beginning	340,018,300	310,957,009	298,248,684	279,754,781	276,050,086
Total OPEB liability - ending (a)	$ 326,929,984	$ 340,018,300	$ 310,957,009	$ 298,248,684	$ 279,754,781
Plan net position					
Contributions - employer[3]	$ 63	$ 5,358	$ —	$ (11,621)	$ (2,109)
Net investment income (loss)	56,443,895	43,482,079	42,952,460	28,289,903	(52,576,174)
Benefit payments, including refunds of member contributions	(15,068,638)	(13,548,125)	(13,683,195)	(13,274,336)	(12,739,283)
Administrative expense	(83,577)	(84,128)	(81,415)	(70,715)	(71,098)
Net change in plan net position	41,291,743	29,855,184	29,187,850	14,933,231	(65,388,664)
Plan net position - beginning	429,858,111	400,002,927	370,815,077	355,881,846	421,270,510
Plan net position - ending (b)	$ 471,149,854	$ 429,858,111	$ 400,002,927	$ 370,815,077	$ 355,881,846
Net OPEB liability/(asset), ending = (a) - (b)	$ (144,219,870)	$ (89,839,811)	$ (89,045,918)	$ (72,566,393)	$ (76,127,065)

[1] Service cost and interest cost are measured after reflecting the changes of benefit terms but before reflecting the changes of assumptions.
[2] Includes interest on total OPEB liability, service cost, changes of benefit terms, and benefit payments.
[3] Refunds of employer contributions due to participant audits have been previously reported as negative employer contributions. Going forward these refunds will be reported in Administrative expense.

See Notes to Required Supplementary Information

2021	2020	2019	2018	2017
$ 10,733,979	$ 8,694,499	$ 9,108,050	$ 8,778,843	$ 7,692,471
13,972,195	17,727,484	16,607,049	15,779,480	14,272,064
11,913,355	5,125,806	2,499,644	10,851,176	—
18,963,947	(35,485,232)	—	486,017	—
(12,412,041)	(11,886,179)	(11,930,829)	(12,186,675)	(13,155,040)
43,171,435	(15,823,622)	16,283,914	23,708,841	8,809,495
232,878,651	248,702,273	232,418,359	208,709,518	199,900,023
$ 276,050,086	$ 232,878,651	$ 248,702,273	$ 232,418,359	$ 208,709,518
$ (3,637)	$ 8,967,109	$ 16,432,554	$ 15,599,238	$ 14,763,323
77,748,673	14,518,013	24,690,082	26,546,106	18,873,664
(12,412,041)	(11,886,179)	(11,930,829)	(12,186,675)	(13,155,040)
(71,722)	(72,369)	(72,453)	(67,805)	(63,192)
65,261,273	11,526,574	29,119,354	29,890,864	20,418,755
356,009,237	344,482,664	315,363,310	285,472,446	265,053,691
$ 421,270,510	$ 356,009,238	$ 344,482,664	$ 315,363,310	$ 285,472,446
$ (145,220,424)	$ (123,130,586)	$ (95,780,391)	$ (82,944,951)	$ (76,762,928)

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE FUNDS

SCHEDULE OF NET OPEB LIABILITY (ASSET)
FISCAL YEARS ENDED JUNE 30

State Members

	2026	2025	2024	2023	2022
Total OPEB liability	$ 106,023,710	$ 131,858,259	$ 124,248,515	$ 115,683,555	$ 103,036,122
Plan fiduciary net position	345,395,030	309,888,001	283,970,452	258,821,864	244,502,786
Employers' net OPEB liability (asset)	$(239,371,320)	$(178,029,742)	$(159,721,937)	$(143,138,309)	$(141,466,664)
Plan fiduciary net position as a percentage of total plan liability (asset)	325.77 %	235.02 %	228.55 %	223.73 %	237.30 %
Covered payroll	$1,596,088,060	$1,568,647,780	$1,500,382,889	$1,401,860,082	$1,180,614,285
Net OPEB liability (asset) as a percentage of covered payroll	(15.00)%	(11.35)%	(10.65)%	(10.21)%	(11.98)%

School Members

	2026	2025	2024	2023	2022
Total OPEB liability	$ 326,929,984	$ 340,018,300	$ 310,957,009	$ 298,248,684	$ 279,754,781
Plan fiduciary net position	471,149,854	429,858,111	400,002,927	370,815,077	355,881,846
Employers' net OPEB liability (asset)	$(144,219,870)	$ (89,839,811)	$ (89,045,918)	$ (72,566,393)	$ (76,127,065)
Plan fiduciary net position as a percentage of total plan liability (asset)	144.11 %	126.42 %	128.64 %	124.33 %	127.21 %
Covered payroll	$2,022,815,207	$1,927,126,645	$1,860,288,328	$1,730,557,270	$1,603,521,347
Net OPEB liability (asset) as a percentage of covered payroll	(7.13)%	(4.66)%	(4.79)%	(4.19)%	(4.75)%

See Notes to Required Supplementary Information

2021	2020	2019	2018	2017
$ 104,239,022	$ 93,296,577	$ 99,213,537	$ 91,490,186	$ 91,367,986
286,193,340	234,449,486	225,185,651	206,260,247	186,497,610
$(181,954,318)	$(141,152,909)	$(125,972,114)	$(114,770,061)	$(95,129,624)
274.55 %	251.29 %	226.97 %	225.45 %	204.12 %
$1,111,640,064	$1,382,836,000	$1,153,487,692	$1,101,729,077	$1,097,952,769
(16.37)%	(10.20)%	(10.92)%	(10.42)%	(8.66)%

2021	2020	2019	2018	2017
$ 276,050,086	$232,878,651	$248,702,273	$232,418,359	$208,709,518
421,270,510	356,009,237	344,482,664	315,363,310	285,472,446
$(145,220,424)	$(123,130,586)	$(95,780,391)	$(82,944,951)	$(76,762,928)
152.61 %	152.87 %	138.51 %	135.69 %	136.78 %
$1,497,169,775	$1,507,077,143	$1,380,886,891	$1,310,860,336	$1,240,615,378
(9.70)%	(8.17)%	(6.94)%	(6.33)%	(6.19)%

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE FUNDS

SCHEDULE OF CONTRIBUTIONS - OPEB
FISCAL YEARS 2017 - 2026

	Sick Leave Fund - State				
Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2017	$ 4,282,016	$ 7,136,693	$ (2,854,677)	$ 1,097,952,769	0.65%
2018	4,186,570	7,161,239	(2,974,669)	1,101,729,077	0.65
2019	4,383,253	7,497,670	(3,114,417)	1,153,487,692	0.65
2020	4,978,210	4,494,217	483,993	1,382,836,000	0.33
2021	3,557,248	(682)	3,557,930	1,111,640,064	—
2022	4,840,519	(182)	4,840,701	1,180,614,285	—
2023	5,327,068	(833)	5,327,901	1,401,860,082	—
2024	6,001,532	(2,996)	6,004,528	1,500,382,889	—
2025	—	971	(971)	1,568,647,780	—
2026	—	1,839	(1,839)	1,596,088,060	—

	Sick Leave Fund - Schools				
Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2017	$ 8,064,000	$ 14,763,323	$ (6,699,323)	$ 1,240,615,378	1.19%
2018	8,913,850	15,599,238	(6,685,388)	1,310,860,336	1.19
2019	9,390,031	16,432,554	(7,042,523)	1,380,886,891	1.19
2020	9,645,294	8,967,109	678,185	1,507,077,143	0.60
2021	9,132,736	(3,637)	9,136,373	1,497,169,775	—
2022	12,186,762	(2,109)	12,188,871	1,603,521,347	—
2023	12,633,068	(11,621)	12,644,689	1,730,557,270	—
2024	13,766,134	(5,143)	13,771,277	1,860,288,328	—
2025	—	5,358	(5,358)	1,927,126,645	—
2026	—	63	(63)	2,022,815,207	—

See Notes to Required Supplementary Information

PUBLIC EMPLOYEE RETIREMENT SICK LEAVE FUNDS

SCHEDULE OF INVESTMENT RETURNS - SICK LEAVE FUNDS
FISCAL YEARS 2017 - 2026

Annual money weighted rate of return, net of investment expenses

Fiscal Year	State	School
2017	13.30%	13.30%
2018	9.40%	9.40%
2019	7.80%	7.80%
2020	4.20%	4.20%
2021	23.20%	23.20%
2022	(12.80)%	(12.70)%
2023	8.20%	8.10%
2024	12.06%	11.80%
2025	11.10%	11.06%
2026	13.38%	13.37%

Note: Sick Leave Funds began being tracked as two separate funds in 2022.

See Notes to Required Supplementary Information

PUBLIC EMPLOYEE RETIREMENT FUND, FIREFIGHTERS' RETIREMENT FUND, JUDGES' RETIREMENT FUND, AND SICK LEAVE FUNDS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

Methods and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the employers' contributions are calculated as of June 30, 2026 for PERSI, as of June 30, 2026 for FRF and as of June 30, 2026 for JRF. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

	PERSI Base Plan	FRF	JRF
Valuation date	June 30, 2026	June 30, 2026	June 30, 2026
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of projected payroll open	Level dollar amount - open	Level percentage of projected payroll open
Remaining amortization period	5.5 years	N/A	2.8 years
Asset valuation method	Fair Market Value	3-yr smoothing	Fair Market Value
Actuarial assumptions:			
Investment rate of return *	6.55%	6.55%	6.55%
Projected salary increases including inflation	3.15%	3.15%	3.15%
Postretirement benefit increase	1.00%	1.00%	1.00% or 3.15%
Implied price inflation rate	2.40%	2.40%	2.40%
Discount Rate - Actuarial Accrued Liability	6.55%	6.55%	6.55%

*net of investment expenses

The valuation date for the Sick Leave Funds is as of June 30, 2026.

Actuarial Assumptions	Sick Leave Funds
Inflation	2.40%
Salary increases including inflation	3.15%
Investment rate of return *	5.62%

*net of investment expenses

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

ADDITIONAL SUPPLEMENTARY SCHEDULES
JUNE 30, 2026

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

SCHEDULE OF INVESTMENT EXPENSES YEAR ENDED JUNE 30, 2026

Investment and Related Services:	
Adelante Capital Management	$ 2,388,993
AEW Capital Management, LP	11,962,813
Atlanta Capital Mgt Company LLC	4,762,621
Bernstein, Sanford C	3,940,323
Bloomberg, LP	82,369
BLS Capital	4,339,923
BNY Mellon Trust	2,080,894
Boston Partners Global Investors, Inc	394,569
Brandes Investment Partners, LP	2,715,444
C Worldwide asset Management Fondsmaeglerselskab A/S	1,598,146
Clearwater Advisors, LLC	1,204,026
D.B. Fitzpatrick & Co, Inc	4,185,318
Dodge & Cox	826,040
Donald Smith & Company	3,574,331
Hamilton Lane Advisors, LLC	33,339
Hood River Capital Management, LLC	471,211
Income Research + Management Inc	902,734
JP Morgan Chase Bank NA	640,809
Longview Partners (Guernsey) Ltd	3,077,109
Mellon Investments Corporation	1,285,407
Mondrian Investment Partners	1,893,114
Mountain Pacific Investment Advisors, Inc	371,518
Peregrine Capital Management	2,907,097
PineStone Asset Management Inc	939,196
Prudential Property Investment Separate Account	3,730,287
Pzena Investment Management, LLC	382,471
Robert W. Baird & Co, Inc	3,846,261
Sprucegrove Investment Management Ltd	1,279,715
State Street Global Advisors	1,092,486
Walter Scott & Partners Ltd	3,225,130
Wasatch Advisors, LP	2,859,045
WCM Investment Management LLC	3,405,457
Other investment research /data fees	75,558
Total Investment and Related Services	76,473,754
Consulting and Other Services:	
Alban Row Investments, LLC	77,064
Bleichmar Fonti & Auld LLP	8,100
Callan LLC	617,723
Cavanaugh Macdonald Consulting, LLC	200,000
Eide Bailly LLP	151,319
Empower Retirement	168,660

Foster Garvey PC	1,118,698
George Law Offices, PLLC	22,900
Hamilton Lane Advisors, LLC	90,000
Jenks, John R	79,514
Milliman, Inc	515,355
Mosaic Governance Advisors	234,120
Nossaman LLP	182,066
Plante Moran PLLC	268,499
Walls, Garret A	81,453
Whiteford, Taylor, & Presto LLP	16,890
Williams, Ashbel	77,269
Total Consulting and Other Services	3,909,630
TOTAL	$ 80,383,385

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

SCHEDULE OF ADMINISTRATIVE EXPENSES YEAR ENDED JUNE 30, 2026

PORTFOLIO - RELATED EXPENSES:	
Personnel expenses	$ 855,858
Operating expenses	277,383
	1,133,241
OTHER ADMINISTRATIVE EXPENSES:	
Personnel expenses	6,746,052
Operating expenses	3,309,205
Building depreciation expense	4,887
Equipment depreciation expense	96,572
Software amortization expense	906,874
	11,063,590
SICK LEAVE FUNDS EXPENSES - Administrative expenses	144,189
JUDGES' FUND EXPENSES - Administrative expenses	79,953
DEFINED CONTRIBUTION FUND - Administrative expenses	2,772,026
TOTAL	$ 15,192,999

PERSI
Public Employee Retirement System of Idaho

HELPING YOU BUILD A SECURE RETIREMENT

Date: November 2nd, 2026

TO: PERSI Retirement Board

FROM: Mike Anderson
Financial Executive Officer

SUBJECT: **FINANCIAL REPORTS and QUARTERLY FINANCIALS**

- **FY2 EXPENSE REPORTS:** PERSI's year-to-date expense reports for the Administrative and Portfolio funds are enclosed.
  - **Administration:** The report is for FY 2027 expenditures as of the end of September. Personnel expenses are below the target rate of 26.9%. Operating and Capital Outlay expenses are both below the target rate of 25.0%.
  - **Portfolio:** Our year-to-date expense ratio is 32.7 basis points of projected average net assets compared to the budgeted projection of 33.2 basis points. Both the budget and actual are below the 50-basis point target ratio. The total budgeted for FY 2027 assumed asset growth of 6.5% net. The reports are on a cash basis and, therefore, will vary from the expenses reported in the accrual-based financial statements.
- **MONTHLY OUT OF STATE TRAVEL REPORT:** The monthly travel report is included in the board report. Please let me know if you have any questions.
- **QUARTERLY FINANCIAL STATEMENTS (UNAUDITED):** The first quarter FY27 unaudited financial statements are in your board packets. Please let me know if you have any questions.

Governor
Brad Little

Retirement Board
Jeff Cilek, Chairman
Joshua Whitworth
Lori Wolff
Park Price
Darin DeAngeli

Executive Director
Michael L. Hampton

PHONES
Answer Center 208-334-3365
FAX 208-334-3805

Toll Free
Answer Center 1-800-451-8228
Employer Line 1-866-887-9525

MAILING ADDRESS
P.O. Box 83720
Boise ID 83720-0078

BOISE
Office Location Address
607 North 8th Street
Boise ID 83702-5518

POCATELLO
Office Location Address
1246 Yellowstone Ave – Ste.A5
Pocatello ID 83201

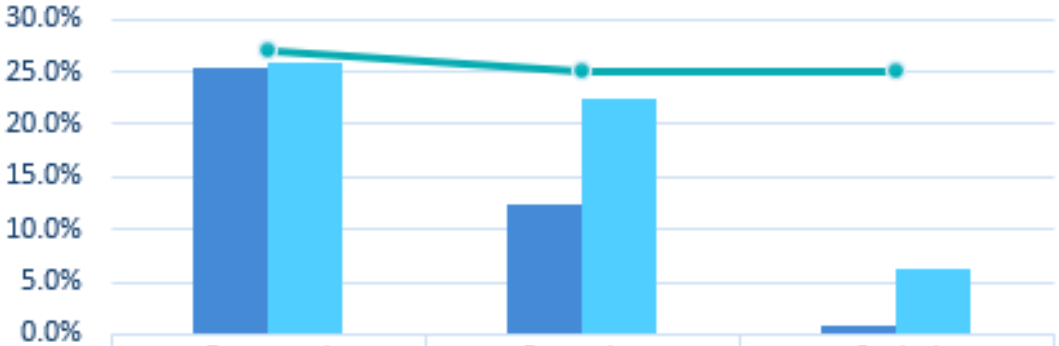
COEUR D'ALENE
Office Location Address
2005 Ironwood Pkwy #226
Coeur d' Alene ID 83814-2680

Choice Plan Recordkeeper
1-866-437-3774

www.persi.idaho.gov

Equal Opportunity Employer

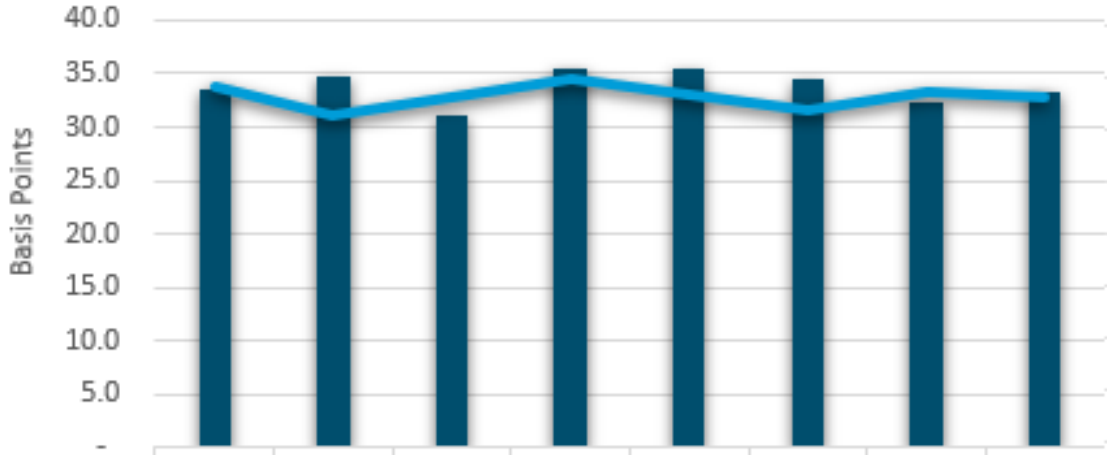
Administration



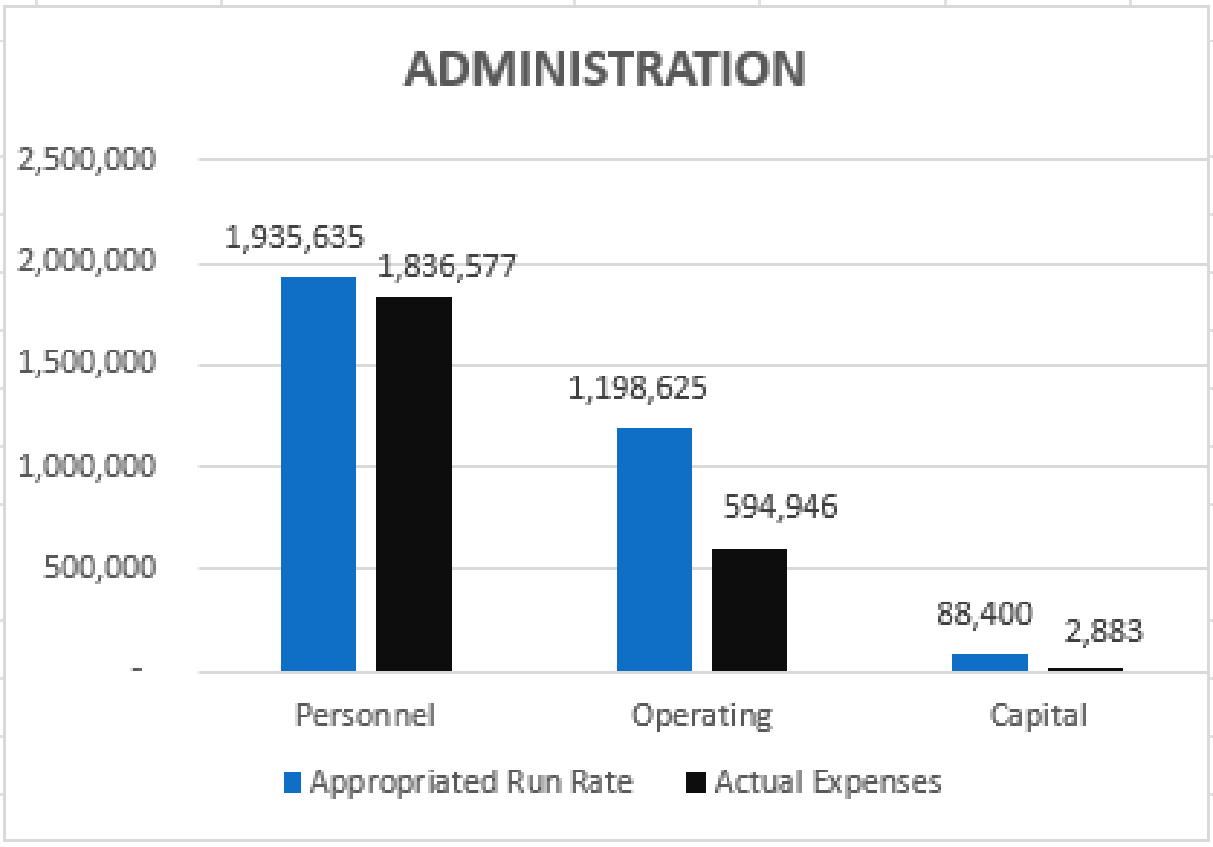
	Personnel	Operating	Capital
FY27	25.5%	12.4%	0.8%
FY26	25.8%	22.5%	6.3%
Target Rate	26.9%	25.0%	25.0%

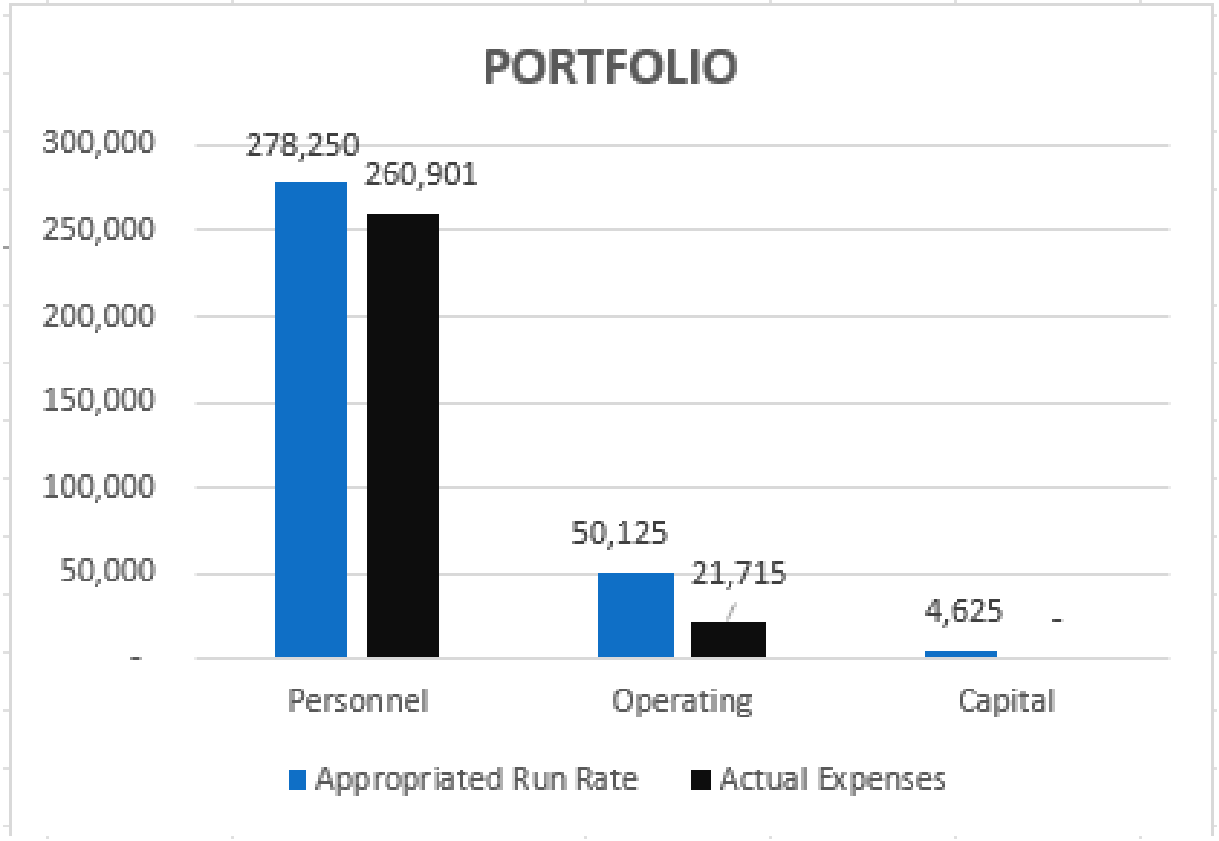
Expense Ratio Comparison

Cash Basis



	2020	2021	2022	2023	2024	2025	2026	2027
Budg Exp Ratio	33.6	34.8	31.1	35.6	35.6	34.5	32.3	33.2
YTD Actual	33.7	31.2	32.7	34.4	33.0	31.7	33.4	32.7


ADMINISTRATION
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
1,935,635
1,836,577
1,198,625
594,946
88,400
2,883
Personnel
Operating
Capital
Appropriated Run Rate
Actual Expenses


PORTFOLIO
300,000
250,000
200,000
150,000
100,000
50,000
-
278,250
260,901
50,125
21,715
4,625
-
Personnel
Operating
Capital
Appropriated Run Rate
Actual Expenses

PUBLIC EMPLOYEE RETIREMENT SYSTEM
FY 2027 CASH BASIS ADMINISTRATION EXPENSES

SUMMARY REPORT OPERATING & CAPITAL TARGET: 25.0%
ADMINISTRATIVE BUDGET PERSONNEL TARGET: 26.9%
SEPTEMBER 30, 2026

	FY 2026 BUDGETED	FY 2026 ACTUAL	FY 2027 BUDGETED	PRIOR MONTHS	AUGUST	SEPTEMBER	FY 2027 YTD Expenses	Current Spending Balance	Actual as % of Budget
PERSONNEL	6,960,900	6,887,171	7,189,500	770,154	534,994	531,429	1,836,577	5,352,923	25.5%
OPERATING	5,645,000	5,628,580	4,794,500	228,654	295,058	71,233	594,946	4,199,554	12.4%
CAPITAL	615,600	613,726	353,600	-	2,883	-	2,883	350,717	0.8%
TOTAL	**13,221,500**	**13,129,478**	**12,337,600**	**998,808**	**832,935**	**602,662**	**2,434,406**	**9,903,194**	**19.7%**

PUBLIC EMPLOYEE RETIREMENT SYSTEM
FY 2027 CASH BASIS PORTFOLIO EXPENSES

SUMMARY REPORT - PORTFOLIO TARGET: 25.0%
SEPTEMBER 30, 2026

INVESTMENTS	FY 2026 BUDGETED	FY 2026 ACTUAL	FY 2027 BUDGETED	PRIOR MONTHS	AUGUST	SEPTEMBER	FY 2027 YTD Expenses	Actual as % of Budget
STAFF EXPENSE								
Personnel	1,020,500	842,703	1,033,500	111,237	74,520	75,144	260,901	25.2%
Operations	224,400	192,666	200,500	11,414	8,140	2,160	21,715	10.8%
Capital Outlay	12,900	10,165	18,500	-	-	-	-	0.0%

PUBLIC EMPLOYEE RETIREMENT SYSTEM
FY 2027 CASH BASIS ADMINISTRATION EXPENSES

SUMMARY REPORT
ADMINISTRATIVE BUDGET
SEPTEMBER 30, 2026

OPERATING & CAPITAL TARGET: 25.0%
PERSONNEL TARGET: 26.9%

	FY 2026 BUDGETED	FY 2026 ACTUAL	FY 2027 BUDGETED	PRIOR MONTHS	AUGUST	SEPTEMBER	FY 2027 YTD Expenses	Current Spending Balance	Actual as % of Budget
PERSONNEL	6,960,900	6,887,171	7,189,500	770,154	534,994	531,429	1,836,577	5,352,923	25.5%
OPERATING	5,645,000	5,628,580	4,794,500	228,654	295,058	71,233	594,946	4,199,554	12.4%
CAPITAL	615,600	613,726	353,600	-	2,883	-	2,883	350,717	0.8%
TOTAL	**13,221,500**	**13,129,478**	**12,337,600**	**998,808**	**832,935**	**602,662**	**2,434,406**	**9,903,194**	**19.7%**

ADMINISTRATIVE BUDGET
By Cost Center and Account Category
SEPTEMBER 30, 2026

DESCRIPTION	FY 2026 BUDGETED	FY 2026 ACTUAL	FY 2027 BUDGETED	PRIOR MONTHS	AUGUST	SEPTEMBER	FY 2027 YTD Expenses	Current Spending Balance	Actual as % of Budget
ADMINISTRATION									
Personnel	850,000	837,861	847,000	95,601	65,842	65,838	227,281	619,719	26.8%
Operating	164,000	152,072	344,000	8,215	37,793	8,328	54,336	289,664	15.8%
Capital	-	-	-	-	-	-	-	-	0.0%
BOARD									
Personnel	5,000	2,155	5,000	646	323	-	970	4,030	19.4%
Operating	45,500	44,100	45,000	1,728	712	-	2,440	42,560	5.4%
Capital	-	-	-	-	-	-	-	-	0.0%
LEGAL									
Personnel	-	-	-	-	-	-	-	-	0.0%
Operating	115,000	112,962	35,000	1,082	-	-	1,082	33,918	3.1%
Capital	-	-	-	-	-	-	-	-	0.0%
QUALITY ASSURANCE									
Personnel	652,900	572,184	578,000	34,911	24,640	24,794	84,345	493,655	14.6%
Operating	27,500	30,816	30,000	146	173	6,675	6,995	23,005	23.3%
Capital	-	197	-	-	-	-	-	-	0.0%
FISCAL ADMINISTRATION									
Personnel	1,070,000	1,069,036	1,100,000	125,317	92,708	90,810	308,834	791,166	28.1%
Operating	115,000	88,452	89,000	4,429	(7,677)	1,440	(1,809)	90,809	-2.0%
Capital	-	-	-	-	-	-	-	-	0.0%
EMPLOYER SERVICE CENTER									
Personnel	280,000	277,962	281,000	31,451	23,063	23,158	77,673	203,327	27.6%
Operating	1,400	1,492	1,500	-	45	34	79	1,421	5.3%
Capital	-	-	-	-	-	-	-	-	0.0%
OVERHEAD									
Personnel	-	-	-	-	-	-	-	-	0.0%
Operating	598,000	554,685	490,000	87,929	(44,412)	(15,438)	28,080	461,920	5.7%
Capital	-	2,958	-	-	-	-	-	-	0.0%
IT - ADMINISTRATION									
Personnel	1,040,000	1,033,976	1,045,000	117,817	82,411	72,397	272,625	772,375	26.1%
Operating	15,000	17,467	36,400	-	1,028	-	1,028	35,372	2.8%
Capital	-	-	-	-	-	-	-	-	0.0%
IT - SYSTEM MAINTENANCE									
Personnel	-	-	-	-	-	-	-	-	0.0%
Operating	960,000	986,692	1,233,100	134,775	257,592	38,964	431,332	801,768	35.0%
Capital	615,600	609,419	353,600	-	2,883	-	2,883	350,717	0.8%
IT - PROJECTS									
Personnel	-	-	-	-	-	-	-	-	0.0%
Operating	3,000,000	3,000,000	2,000,000	-	-	-	-	2,000,000	0.0%
Capital	-	-	-	-	-	-	-	-	0.0%
MEMBER SERVICES									
Personnel	525,000	583,477	790,500	96,683	66,515	65,221	228,418	562,082	28.9%
Operating	92,100	111,005	111,000	(33)	4,168	4,430	8,566	102,434	7.7%
Capital	-	-	-	-	-	-	-	-	0.0%

ADMINISTRATIVE BUDGET (Cont.) By Cost Center and Account Cat SEPTEMBER 30, 2026	FY 2026 BUDGETED	FY 2026 ACTUAL	FY 2027 BUDGETED	PRIOR MONTHS	AUGUST	SEPTEMBER	FY 2027 YTD	Current Spending Balance	Actual as % of Budget
DISABILITY ASSESSMENT									
Personnel	-	-	-	-	-	-	-	-	0.0%
Operating	155,000	168,121	150,000	-	16,640	15,240	31,880	118,120	21.3%
Capital	-	-	-	-	-	-	-	-	0.0%
FIELD SERVICES - CSO									
Personnel	159,000	154,521	159,000	8,211	6,690	6,689	21,590	137,410	13.6%
Operating	40,000	40,095	40,000	-	792	174	966	39,034	2.4%
Capital	-	547	-	-	-	-	-	-	0.0%
FIELD SERVICES - PSO									
Personnel	155,000	152,823	155,000	17,100	12,307	12,305	41,712	113,288	26.9%
Operating	80,000	80,171	80,000	1,837	18,672	5,137	25,646	54,354	32.1%
Capital	-	-	-	-	-	-	-	-	0.0%
PERSI RETIREMENT CENTER									
Personnel	372,000	358,141	362,000	42,427	30,501	30,602	103,530	258,470	28.6%
Operating	3,000	2,578	3,000	-	104	-	104	2,896	3.5%
Capital	-	-	-	-	-	-	-	-	0.0%
PERSI ANSWER CENTER									
Personnel	365,000	364,821	369,000	42,849	31,355	31,101	105,305	263,695	28.5%
Operating	6,000	5,928	6,000	-	319	546	865	5,135	14.4%
Capital	-	-	-	-	-	-	-	-	0.0%
PERSI PROCESSING CENTER									
Personnel	484,000	476,229	481,000	37,730	23,810	33,672	95,213	385,787	19.8%
Operating	5,000	4,656	5,000	-	401	-	401	4,599	8.0%
Capital	-	-	-	-	-	-	-	-	0.0%
IMAGING									
Personnel	75,000	74,341	76,000	8,276	5,972	5,972	20,219	55,781	26.6%
Operating	1,000	495	500	-	-	-	-	500	0.0%
Capital	-	-	-	-	-	-	-	-	0.0%
TRAINING									
Personnel	613,000	620,119	627,000	76,408	44,321	44,336	165,064	461,936	26.3%
Operating	84,000	90,672	85,000	3,546	7,726	5,055	16,327	68,673	19.2%
Capital	-	606	-	-	-	-	-	-	0.0%
COMMUNICATIONS									
Personnel	107,000	105,309	107,000	11,816	8,310	8,309	28,435	78,565	26.6%
Operating	131,000	131,102	5,000	(15,000)	77	-	(14,923)	19,923	-298.5%
Capital	-	-	-	-	-	-	-	-	0.0%
DC PLAN ADMINISTRATION									
Personnel	208,000	204,216	207,000	22,911	16,226	16,225	55,362	151,638	26.7%
Operating	6,500	5,020	5,000	-	904	647	1,551	3,449	31.0%
Capital	-	-	-	-	-	-	-	-	0.0%
TOTAL									
PERSONNEL	**6,960,900**	**6,887,171**	**7,189,500**	**770,154**	**534,994**	**531,429**	**1,836,577**	**5,352,923**	**25.5%**
OPERATING	**5,645,000**	**5,628,580**	**4,794,500**	**228,654**	**295,058**	**71,233**	**594,946**	**4,199,554**	**12.4%**
CAPITAL	**615,600**	**613,726**	**353,600**	**-**	**2,883**	**-**	**2,883**	**350,717**	**0.8%**
	13,221,500	**13,129,478**	**12,337,600**	**998,808**	**832,935**	**602,662**	**2,434,406**	**9,903,194**	**19.7%**

PUBLIC EMPLOYEE RETIREMENT SYSTEM
FY 2027 CASH BASIS PORTFOLIO EXPENSES

SUMMARY REPORT - PORTFOLIO
SEPTEMBER 30, 2026

TARGET: 25.0%

INVESTMENTS	FY 2026 BUDGETED	FY 2026 ACTUAL	FY 2027 BUDGETED	PRIOR MONTHS	AUGUST	SEPTEMBER	FY 2027 YTD Expenses	Actual as % of Budget
MANAGEMENT FEES	68,558,103	63,755,621	75,823,826	6,429,220	11,072,835	791,911	18,293,966	24.1%
CONSULTANTS	1,500,000	1,230,018	1,740,000	208,111	72,843	44,414	325,367	18.7%
CUSTODIAL SERVICES	3,000,000	2,354,427	3,000,000	135,383	53,796	139,393	328,573	11.0%
REPORTING SERVICES								
1. Investment Related	240,000	137,897	200,000	23,115	-	18,315	41,430	20.7%
2. Non-Investment Related	710,000	592,947	805,000	105,187	92,659	81,358	279,205	34.7%
LEGAL	1,100,000	1,101,042	1,460,000	72,615	127,822	135,100	335,536	23.0%
STAFF EXPENSE	1,240,200	915,287	1,252,500	122,651	82,660	77,305	282,616	22.6%
ENCUMBRANCES*	-	-	-	-	-	-	-	
TOTAL EXPENDITURES*	76,348,303	70,087,239	84,281,326	7,096,282	11,502,615	1,287,795	19,886,693	23.6%
ADMINISTRATION	12,590,800	12,013,458	12,337,600	998,809	832,935	602,662	2,434,406	19.7%
YTD EXPENDITURES INCLUSIVE	88,939,103	82,100,697	96,618,926	8,095,091	12,335,550	1,890,457	22,321,099	23.1%

	FY 2026 Actual	FY 2027 Budgeted
Investment Related Services	69,494,292	83,476,326
Non-Investement Related Services	592,947	805,000
Judges Retirement Fund	453,362	522,600
PERSI Administration[1]	12,013,458	12,337,600
1) TOTAL PERSI COSTS	82,554,059	97,141,526
2) ESTIMATED NET AVERAGE ASSETS	27,462,426,337	29,247,484,049
3) RATIO OF COSTS TO NET ASSETS	0.301%	0.332%
Investment Expense	0.253%	0.285%
Non-Investment Contracted Services	0.002%	0.003%
Judges Retirement Fund	0.002%	0.002%
PERSI Administration	0.044%	0.042%
4) BUDGETED EXPENSE RATIO		33.2
5) ACTUAL EXPENSE RATIO[2]		32.7

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO
DETAIL REPORT
SEPTEMBER 30, 2026

TARGET: 25.0%

DESCRIPTION	FY 2026 BUDGETED	FY 2026 ACTUAL	FY 2027 BUDGETED	PRIOR MONTHS	AUGUST	SEPTEMBER	FY 2027 YTD Expenses	Actual as % of Budget
MANAGEMENT FEES								
Equity - Domestic	13,503,603	12,042,502	12,825,264	1,536,860	1,042,012	0	2,578,872	20.1%
Equity - International	9,516,312	11,366,426	12,105,244	744,340	2,107,976	340,471	3,192,787	26.4%
Fixed Income	3,203,298	5,239,496	5,580,063	692,494	682,137	-	1,374,632	24.6%
Real Estate	14,700,876	14,178,421	15,100,019	628,233	3,041,861	98,103	3,768,197	25.0%
Idaho Mortgage Program	4,176,062	4,088,312	4,354,052	349,000	350,781	353,337	1,053,118	24.2%
Equity Global	22,799,585	24,280,925	25,859,185	2,478,292	3,848,067	-	6,326,359	24.5%
CONSULTANTS								
Investment Consultants	760,000	614,243	760,000	162,420	-	-	162,420	21.4%
Advisors	380,000	315,300	380,000	35,000	25,000	25,000	85,000	22.4%
Other Consultants	360,000	583,453	600,000	10,691	47,843	19,414	77,947	13.0%
CUSTODIAL SERVICES								
Trust/Custody	3,000,000	2,206,517	3,000,000	135,383	53,796	139,393	328,573	11.0%
Clearwater Analytics, LLC	-	-	-	-	-	-	-	
REPORTING SERVICES								
1. Auditors Fees								
a. Annual Audit	160,000	120,401	160,000	48,427	16,500	35,572	100,499	62.8%
2. Actuarial Fees								
Milliman USA	400,000	430,980	445,000	40,094	59,493	29,119	128,706	28.9%
Cavanaugh MacDonald	200,000	200,000	200,000	16,667	16,667	16,667	50,000	25.0%
3. Bloomberg LP & Other	200,000	144,520	200,000	23,115	-	18,315	41,430	20.7%
LEGAL								
1. Legal Fees								
Legal Advice - Other	400,000	238,177	400,000	5,457	1,873	16,891	24,220	6.1%
Legal Advice - Priv Equity	680,000	876,149	900,000	67,158	66,909	84,237	218,303	24.3%
Legal Advice - Fiduciary/Liability	140,000	159,285	160,000	-	59,041	33,972	93,013	58.1%
STAFF EXPENSE								
Personnel	1,020,500	842,703	1,033,500	111,237	74,520	75,144	260,901	25.2%
Operations	224,400	192,666	200,500	11,414	8,140	2,160	21,715	10.8%
Capital Outlay	12,900	10,165	18,500	-	-	-	-	0.0%
Encumbrances	-	-	-	-	-	-	-	0.0%
Total Monthly Expenditures	75,837,537	78,130,640	84,281,326	7,096,282	11,502,615	1,287,795	19,886,693	23.6%
JUDGES RETIREMENT FUND								
Invest, Mgmt, Consulting, Custody, Reporting	330,000	364,770	370,000	34,856	57,402	5,080	97,338	26.3%
Accounting, Auditing	15,000	-	15,000	-	-	-	-	0.0%
Other Professional Services	-	3,360	5,000	320	-	-	320	0.0%
Actuary	40,000	0	40,000	-	-	-	-	0.0%
Legal	4,000	6,191	7,000	372	656	693	1,721	24.6%
Administration	83,000	78,649	85,600	9,130	6,543	6,542	22,215	26.0%
Admin Rule	-	392	-	-	-	-	-	0.0%
	472,000	453,362	522,600	44,679	64,600	12,314	121,594	23.3%

Scheduled and Completed Out of State Travel - Staff

Traveler	Fund	Destination City / State	Description	Start Date of Travel	End Date of Travel	Final Voucher Amount
Richelle Sugiyama	55002	Park City, UT	2026 Markets Group Institutional Summer Retreat	7/13/2026	7/15/2026	$1,215.10
Sofia Wilson	55002	Toronto, Canada Montreal, Canada	2026 PPI Toronto Leadership Lab & Roundtable – July 2026	7/20/2026	7/24/2026	$7,050.18
Richelle Sugiyama	55002	Toronto, Canada Montreal, Canada	2026 PPI Toronto Leadership Lab & Roundtable, Sprucegrove Due Diligence	7/20/2026	7/24/2026	$4,674.66
Mike Hampton	55001	Boston, MA	2026 NASRA Conference	8/8/2026	8/12/2026	$4,637.35
Alex Simpson	55001	Boston, MA	2026 NASRA Conference	8/8/2026	8/12/2026	$3,045.24
Chris Brechbuhler	55002	Newport Beach, CA	2026 Alternatives Investor Conference	9/23/2026	9/25/2026	$1,577.91
Richelle Sugiyama	55002	New Orleans, LA	2026 NASIO Conference	9/27/2026	9/29/2026	$5,972.76
Dan Gardner	55001	Orlando, FL	NAGDCA Annual Conf 2026	9/27/2026	10/4/2026	$1,586.79
Chris Brechbuhler	55002	New Orleans, LA Montreal, Canada	2026 NASIO Conference & 2026 Pinestone Investment Conference	9/27/2026	10/2/2026	$6,415.07

UNAUDITED

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

FINANCIAL STATEMENTS

FOR THE YEAR TO DATE

JUNE 30, 2026 AND 2025

Prepared by: Kelly Schlangen — 8/4/2026
Kelly Schlangen, Senior Financial Specialist — Date

Reviewed by: Gorji — 8/4/2026
Parisa Gorji, Accounting Manager — Date

Reviewed by: — 8/4/2026
Mike Anderson, Financial Executive Officer — Date

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO
FINANCIAL STATEMENTS FOR
JUNE 30, 2026

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PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO
COMBINING STATEMENT OF PLAN NET ASSETS - PENSION TRUST FUNDS AND OTHER TRUST FUNDS
FOR THE YEAR TO DATE OF 06/30/2026 WITH COMPARATIVE TOTALS FOR SAME PERIOD PRIOR YEAR TO DATE

	PERSI Pension Funds						Totals	
	Base Plan	Judges' Retirement Fund	Choice Plan 401(K)	Choice Plan 414(K)	Sick Leave Insurance Reserve Trust Fund - State	Sick Leave Insurance Reserve Trust Fund - Schools	Current Year-To-Date	Prior Year-To-Date
CASH AND CASH EQUIVALENTS (Note 1)	$32,190,598	$854,732	$3,775,914	$150,259	$539,767	$1,311,873	$38,823,144	$52,837,331
INVESTMENTS, at fair value (Note 2)								
Fixed Income Investments								
Domestic	6,649,238,611	34,297,295			169,864,096	233,154,966	7,086,554,968	6,008,757,608
International							0	0
Idaho Mortgages	845,370,800	4,360,489					849,731,289	852,425,054
Short-Term Investments	351,624,074	1,813,700	134,008				353,571,781	429,070,825
Real Estate Equities (Note 3)	1,013,210,723	5,226,221					1,018,436,944	1,016,305,687
Equity Securities								
Domestic	13,350,938,623	68,865,191			138,356,027	186,814,914	13,744,974,755	12,205,076,571
International	2,963,808,293	15,287,561			36,679,479	49,918,465	3,065,693,798	2,969,900,689
Private Equity	1,969,262,312	10,157,610					1,979,419,921	1,897,498,710
Mutual, Collective, Unitized Funds			2,027,881,217	62,175,782			2,090,057,000	1,838,985,740
Total Investments	27,143,453,436	140,008,066	2,028,015,225	62,175,782	344,899,602	469,888,344	30,188,440,456	27,218,020,884
RECEIVABLES								
Investments Sold (Note 2)	25,632,963	132,217					25,765,180	54,819,881
Contributions	25,411,714	599,740	12,457				26,023,911	22,002,847
Administrative Fee			211,220	8,374			219,594	200,425
Interest and Dividends	92,701,333	478,161	5,089,003	157,392			98,425,889	93,174,976
Total Receivables	143,746,010	1,210,117	5,312,680	165,766	0	0	150,434,574	170,198,129
ASSETS USED IN PLAN OPERATIONS (Note 4)	9,834,295	3,360					9,837,655	7,288,011
DUE FROM OTHER FUNDS	3,005,732						3,005,732	0
PREPAID EXPENDITURES (Note 5)	115,975,485						115,975,485	107,408,023
TOTAL ASSETS	27,448,205,557	142,076,275	2,042,028,767	63,451,244	345,439,368	471,200,218	30,506,517,046	27,555,752,378
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Investments Purchased (Note 2)	103,974,306	536,308					104,510,614	140,731,683
Due to Other Funds	3,005,732						3,005,732	0
Accrued Liabilities (Note 6)	22,453,766	933,377	748,873	6,401	44,339	50,364	24,237,120	21,074,215
Benefits and Refunds Payable							0	1,610,077
TOTAL LIABILITIES	129,433,804	1,469,685	748,873	6,401	44,339	50,364	131,753,465	163,415,975
NET POSITION RESTRICTED FOR PENSIONS AND AMOUNTS HELD IN TRUST	$ 27,318,771,754	$ 140,606,590	$ 2,036,354,946	$ 62,485,407	$ 345,395,030	$ 471,149,854	$ 30,374,763,580	$ 27,392,336,402

See notes to financial statements

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO
COMBINING STATEMENT OF CHANGES IN PLAN POSITION - PENSION TRUST AND OTHER TRUST FUNDS
FOR THE YEAR TO DATE 06/30/2026

	PERSI Pension Funds						Totals	
	Base Plan	Judges' Retirement Fund	Choice Plan 401(K)	Choice Plan 414(K)	Sick Leave Insurance Reserve Trust Fund - State	Sick Leave Insurance Reserve Trust Fund - Schools	Current Year-To-Date	Prior Year-To-Date
ADDITIONS:								
Contributions								
Members	$414,582,751	$1,164,699	$92,989,686	$0	$0	$0	$508,737,136	$488,849,439
Employers	647,946,599	6,554,090	12,890,425		1,839	63	667,393,017	644,030,670
Rollovers In			12,248,453				12,248,453	16,191,646
Total Contributions	1,062,529,350	7,718,789	118,128,564	0	1,839	63	1,188,378,606	1,149,071,755
Investment Income								
Net Appreciation/(Depreciation) in Fair Value of Investments	2,634,205,503	13,511,994	225,731,723	7,290,534	41,247,707	56,614,053	2,978,601,513	2,266,196,027
Interest, Dividends and Other Investment Income	498,929,435	2,562,995	32,438,696	174,208			534,105,335	499,294,404
Less: Investment Expenses	(75,382,110)	(432,060)	(4,217,694)	(9,712)	(155,648)	(186,160)	(80,383,384)	(70,769,736)
Net Investment Income	3,057,752,828	15,642,929	253,952,725	7,455,030	41,092,059	56,427,893	3,432,323,464	2,694,720,696
Other Revenue, Net	1,319,850	32,181			6,692	16,002	1,374,724	1,546,646
Total Additions	4,121,602,029	23,393,899	372,081,289	7,455,030	41,100,589	56,443,958	4,622,076,794	3,845,339,097
DEDUCTIONS:								
Benefits and Refunds Paid to Plan Members and Beneficiaries (Note 7	1,467,540,116	10,171,980	121,666,390	4,476,546	5,532,948	15,068,638	1,624,456,617	1,527,421,028
Administrative Expenses	12,196,830	79,953	2,539,602	232,424	60,612	83,577	15,192,999	13,945,383
Total Deductions	1,479,736,946	10,251,933	124,205,992	4,708,970	5,593,560	15,152,215	1,639,649,616	1,541,366,411
INCREASE (DECREASE) IN NET POSITION	2,641,865,083	13,141,967	247,875,297	2,746,060	35,507,029	41,291,743	2,982,427,178	2,303,972,686
NET POSITION, BEGINNING OF YEAR	24,676,906,671	127,464,623	1,788,479,649	59,739,347	309,888,001	429,858,111	27,392,336,402	25,088,363,716
NET POSITION, YEAR-TO-DATE	$ 27,318,771,754	$ 140,606,590	$ 2,036,354,946	$ 62,485,407	$ 345,395,030	$ 471,149,854	$ 30,374,763,580	$ 27,392,336,402

See notes to financial statements

PUBLIC EMPLOYEE RETIREMENT
SYSTEM OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO DATE
JUNE 30, 2026

NOTE 1 Cash and Cash Equivalents

Cash held in banking institutions	
STO accounts (DB, JRF, State & Schools)	34,071,119
Empower Bank Account	175,587
Cushman & Wakefield Building Account	109,760
US Bank Account	377,961
US Bank RMD Account	123,349
Wells Fargo (DB & DC)	214,783
Mellon 8804 & 8805 Accounts	3,750,586
Total Cash and Cash Equivalents	38,823,144

NOTE 2 Portfolio Assets

Portfolio assets are reported at fair value. Investments Sold and Investments Purchased consist of foreign exchange contracts and security purchases and sales that have not yet settled.

NOTE 3 Real Estate Holdings

The amount reported for real estate investments does not reflect some publicly-traded REIT securities that Bank of New York (BNY) classifies as equity securities. Approximately $1,113,377,632 of such securities are classifie as equity securities as of June 30, 2026.

NOTE 4 Assets Used in Plan Operations

These assets represent computer software development costs and equipment used by PERSI. PERSI adheres to GASB Statement No.67, (an amendment of GASB Statement No. 25) which requires reporting of operating assets at historical cost net of accumulated depreciation. PERSI also follows GASB Statement No. 51, which requires the capitalization of certain software development costs. Depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the assets. The estimated useful life is 30-50 years for the buildings, 10-15 years for the software development costs, and 3-5 years for the equipment.

Assets Used in Plan Operations at June 30, 2026, consist of the following:

Buildings and Improvements	$6,187,349
Less: Accumulated Depreciation	($6,138,554)
Net Buildings	$48,795
Computer Software - Arrivos	$21,051,529
Less: Accumulated Amortization - Arrivos	($11,931,591)
Net Software Development	$9,119,939
Equipment	$1,124,443
Less: Accumulated Depreciation	($455,521)
Net Equipment	$668,922
Assets Used in Plan Operations, Net	$9,837,655

Amortization expense for Arrivos for the year to date is $906,874. Depreciation expense on all equipment for the year to date is $96,572.

PUBLIC EMPLOYEE RETIREMENT
SYSTEM OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO DATE
JUNE 30, 2026

NOTE 5 Prepaid Expenditures

Retiree payroll calculated in the current month, but not paid until the following month	$115,975,485
Total Prepaid Expenditures	$115,975,485

NOTE 6 Accrued Liabilities

Accrued Expenses consist of the following:

Administrative Expenses (DB, DC & JRF Admin Exp Payable)	$1,704,005
Stale Dated Checks Payable (DC checks over 4 months old)	$587,420
RMD Payable	$3,373,349
Investment Management Sick Leave - State	$44,339
Investment Management Sick Leave - School	$50,364
Investment Management (DB & JRF)	$18,477,644
Total Accrued Liabilities	$24,237,120

NOTE 7 Benefits and Refunds Paid

Benefits and Refunds Paid to Plan Members and Beneficiaries:

Payments to Retirees (DB & JRF)	$1,401,695,499
Separation Benefits (DB)	$58,416,063
Death Benefits (DB)	$17,600,534
Benefits Paid (DC)	$126,142,936
Medical Insurance Premiums (State & Schools)	$20,601,586
	$1,624,456,617

NOTE 8 Estimates

PERSI may use certain estimates in interim financial statements when it is more cost effective or timely than computing actual amounts and the difference between the estimates and actuals will not materially impact the financial statements as a whole.

PERSI
Public Employee Retirement System of Idaho

HELPING YOU BUILD A SECURE RETIREMENT

Date: November 2nd, 2026

TO: PERSI Retirement Board

FROM: Mike Anderson
Financial Executive Officer

SUBJECT: **INTEREST RATES**

- **INTEREST RATES FOR CALENDAR YEAR 2027:** The attached memo details the rules and calculations for the interest rates that are set annually and effective January 1st of each year. There are two rates presented. Regular interest rate is credited to the PERSI members' accounts and is 11.10%. The reinstatement interest rate is 8.58%. This is the rate of interest charged on the remaining balance on members' owing for delinquent contributions and buy back of prior separated service. The methods of calculation are set in rule (see attached), and no board action is required.

Governor
Brad Little

Retirement Board
Jeff Cilek, Chairman
Joshua Whitworth
Lori Wolff
Park Price
Darin DeAngeli

Executive Director
Michael L. Hampton

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FAX 208-334-3805

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Employer Line 1-866-887-9525

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Boise ID 83720-0078

BOISE
Office Location Address
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Boise ID 83702-5518

POCATELLO
Office Location Address
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Pocatello ID 83201

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Coeur d' Alene ID 83814-2680

Choice Plan Recordkeeper
1-866-437-3774

www.persi.idaho.gov

Equal Opportunity Employer

PERSI
Public Employee Retirement System of Idaho

HELPING YOU BUILD A SECURE RETIREMENT

Date: November 2nd, 2026

TO: PERSI Retirement Board

FROM: Mike Anderson
Financial Executive Officer

SUBJECT: PERSI INTEREST RATES FOR CALENDAR YEAR 2027

Regular interest is the rate of interest credited monthly to member accounts. Reinstatement interest is the rate of interest applicable to all amounts owed to the fund unless otherwise provided by statute or rule. The methods of calculation are set forth in the rules (see below) and no board action is required to approve each year's interest rate.

100. REGULAR INTEREST (Rule 100). Regular interest for each calendar year shall be the greater of ninety percent (90%) of the rate of return on the PERSI fund net of all expenses for the fiscal year ending immediately prior to the calendar year as reported in the actuary's annual valuation report or one percent (1%). (Amended 3-30-01)(7-1-08)

102. REINSTATEMENT INTEREST (Rule 102). Reinstatement interest for each calendar year shall equal the average of the prime rate on June 30 of the latest three (3) years, plus one percent (1%). For purposes of this rule, the prime rate is the "prime rate" listed in the "Money Rates" section of the Wall Street Journal on June 30, or in the event no rate is listed on June 30, on the latest date preceding June 30 for which a prime rate is listed. Unless otherwise provided by statute or rule, reinstatement interest shall apply to all amounts owed to the fund. (3-30-01)

For the calendar year beginning January 1, 2027 through December 31, 2027

Regular Interest is calculated to be 11.10%, which is 90% of PERSI's return net of all expenses of 12.33%.

Reinstatement Interest is calculated to be 8.58%. The June 30, 2026, prime rate was 6.75%. In 2025 the rate was 7.50% and in 2024 the rate was 8.50%. The average rate is 7.58% plus 1% which equals 8.58 %.

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Memo

Date: November 02, 2026

To: PERSI Board

From: Richelle A. Sugiyama, Chief Investment Officer
Chris Brechbuhler, Deputy Chief Investment Officer
Sofia Wilson, Investment Officer

Re: Defined Benefit Plan Investment Policy Statement (IPS)

We recommend the Board approve and adopt the Defined Benefit (DB) Investment Policy Statement (IPS) as revised. Both a red-lined version and a clean draft copy are attached for your review.

As a reminder, the Board approved the DB Asset/Liability Study in May and reaffirmed the existing strategic asset allocation. As such, the core substance and governing framework of the policy remain unchanged. The current revisions reflect a collaborative effort to streamline the document without altering existing authority, oversight, or responsibilities.

Please let us know if you have any revisions, questions or would like to discuss.

Staff recommendation:
Approve and adopt the Investment Policy Statement as revised.

PERSI

Public Employee Retirement System of Idaho

Investment Policy Statement

for the

Defined Benefit Plan

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Adopted
- Date -

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I. Introduction

The Retirement Board ("Board") of the Public Employee Retirement System of Idaho ("PERSI"), hereby establishes its Investment Policy Statement ("IPS") for the investment of the Trust funds ("Trust") of the Defined Benefit Plan, in accordance with Idaho Code Chapter 13, Title 59.

The purpose is to define investment objectives and policies and to delineate the duties and responsibilities of agents involved with the investment of the Trust. The Board will review this Investment Policy Statement periodically, at least once every 5 years.

II. Statutory Requirements

The Trust will be invested in accordance with all applicable laws including the laws of the State of Idaho.

A. Sole Interest of Beneficiaries

The Trust will be invested solely in the interest of the members and their beneficiaries and for the exclusive purpose of providing benefits to the members and their beneficiaries and defraying reasonable expenses of administration.

B. Prudent Investments

Investments will be made with the judgment and care under the circumstances then prevailing, which people of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable outcome as well as the probable safety of their capital. Investments will be diversified so as to minimize the risk of loss and to maximize the rate of return.

C. Fiduciary Duties

The Board and its agents, including staff, consultants, and investment managers, will discharge their duties with respect to the Trust solely in the best interest of the members and their beneficiaries, and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

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III. Investment Goals

A. General Objective

The purpose of the investment of the Trust is to provide funds to meet the obligations of PERSI while incurring the appropriate amount of risk consistent with attaining that goal. The Board will invest the assets of the Trust and will reduce risk through diversification of the assets of the Trust.

In determining the investment returns needed by PERSI, the acceptable risk levels, and the allowable investments, the Board will consider:

- the purpose of the Trust;
- the projected return of the portfolio as it relates to the funding objectives of the Trust;
- the effect of particular investments on the total portfolio;
- the diversification of the portfolio; and
- the liquidity needs and distribution requirements of the Trust.

B. Investment return and risk objectives

1. Investment Returns

(a) Actuarial Investment Return Assumptions

In projecting obligations and the returns needed to meet those obligations, the Board will consider studies performed by PERSI's actuaries.

The actuarial investment return assumption consists of an expected real return and an expected inflation assumption, and considers relevant factors, including the expected growth of the benefits over the life of the Trust including assumptions for salary growth rates (and mortality), inflation, a 1% annual statutorily driven cost of living adjustment (COLA), and the costs of managing the Trust.

Assuming all the actuarial assumptions are accurate, the actuarial investment return will suffice to: (1) assure the payment of statutorily required benefits including a 1% COLA; and (2) maintain the reduction of the level of the unfunded liability (if any) on the scheduled amortization (one year at a time). The actuarial investment return will not be

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sufficient to fund either discretionary COLAs, retroactive COLAs, accelerate the amortization of the unfunded liability, build a stabilization reserve, or allow for gain-sharing distributions.

2. Investment Risk and Asset Allocation:

(a) Diversification Among Asset Classes

In controlling the risk level that is appropriate for the Trust, assets will be diversified among various asset classes. The specific asset classes to be used will be set in conjunction with the asset allocation policy.

(b) Review of Asset Classes and Asset Allocation

The long-term allocation will focus on the goal that expected long-term returns of the Trust will meet the expected long-term obligations of PERSI with the appropriate level of risk sufficient to meet those objectives. Unless circumstances materially change, the long-term allocation will be reviewed at least once every five (5) years, at which time appropriate asset classes for the investment of the Trust will be determined and asset allocation studies will be conducted to help determine the long-term allocations among desired asset classes so as to meet long-term return objectives with the appropriate level of risk.

(c) Content of Asset Allocations

The asset allocation will set out the following:

- asset classes to be included;
- long-term "normal" percentage of total assets to be invested in each asset class;
- ranges that will be considered allowable deviations from the normal allocation;
- investment risk and return expectations for each asset class;
- numerical investment return and risk expected to be realized; and
- the relation of the expected investment return to the real return and the actuarially assumed investment return.

(d) Strategic Allocation

In addition to the long-term asset allocation, the Board may adopt "strategic allocations". The purpose of strategic allocations are to either increase the return above

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the expected return and/or to reduce risk. Strategic allocations allow investment in asset types that have not been singled out as "asset classes" in the long-term (broad) policy target, to overweight particular sectors within an asset class, or to employ particular strategies of the Trust.

IV. Investment Structure

PERSI employs an investment philosophy described as "simple, transparent, focused, and patient approach following conventional investment principles". In making specific investment policy decisions, the Board will have as an overall goal a flexible, simplified structure with clear roles and accountability.

1. Board Responsibility

The Board is responsible for all investment activities. In exercising this responsibility, the Board will hire investment staff and agents and may delegate various investment functions to them. Where the Board does not delegate investment powers or duties, the Board will either satisfy itself that it is familiar with such matters or will retain persons who are familiar with such matters to consult or assist the Board in the exercise of those responsibilities. Where the Board delegates a responsibility, it will be delegated to a person who is familiar with such matters, and the Board will monitor and review the actions of those to whom responsibilities are delegated.

2. General Roles and Responsibilities of Board and Agents

The Board will favor a structure that accommodates a citizen Board and a small investment staff. The Board and investment staff will concentrate their activities on:

- making strategic decisions, primarily concerning asset allocation and strategic allocations;
- adjusting the mix between passive and active managers depending on, among other considerations, near-term concerns regarding the U.S. and other capital markets;
- delegating and monitoring all other activities, including hiring and monitoring investment managers; and
- maintaining a reporting process that provides a clear picture of the status of the Trust on a reasonably concurrent basis to both the Board and PERSI's constituencies.

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The Board will delegate the implementation of its investment policy to investment staff and external investment managers and other investment agents. This responsibility includes those investment decisions with shorter-term consequences such as the selection of securities, regions, asset types, or asset classes.

A. Direct (Non-Delegated) Responsibilities of the Board

The Board is responsible for:

- Approving investment policy;
- Determining the investment structure of the Trust;
- Determining the asset classes to be utilized;
- Setting the asset allocation;
- Determining or authorizing strategic allocations;
- Hiring agents to implement the asset allocation;
- Hiring agents to implement strategic allocations; and
- Monitoring the investments of the Trust through periodic reports from its staff or consultants.

B. Agents: Chief Investment Officer, Actuaries, Consultants, and Advisors to the Board

1. Chief Investment Officer

(a) Duties of Chief Investment Officer

The Board will hire and oversee a Chief Investment Officer (CIO) who will be generally responsible for the oversight of the investment of the Trust, and, as part of that overall responsibility, will:

- supervise, monitor, and evaluate the performance of the investment managers and other investment agents hired by the Board to assure compliance with investment policy and individual guidelines;

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- recommend to the Board adjustments to the investment policy, including reviewing and modifying the asset allocation as conditions warrant;

- seek approval from the Board with respect to termination of managers and agents. If situations arise which require immediate action, the Board has delegated the authority to the CIO to prudently terminate managers and agents, with notification to the Board as soon as reasonably practicable;

- research current market conditions, evaluate new products, and seek out new approaches to improve portfolio return, reduce risk, and reduce costs and fees;

- work with the consultants, custodians, investment managers, and other agents in the performance of the assigned duties, with the exception of "opt-in" (class action claims), "opt-out" (securities litigation, including lead and co-lead) and non-securities-based (“anti-trust”) litigation;

- assist the Board with education and other efforts to promote good decision making;

- hire and manage investment staff/personnel, including investment advisors to staff;

- except in special circumstances, will not buy/sell/transact in specific securities; and

- coordinate with the Executive Director staff to implement investment actions/decisions and reporting needs.

(b) Allocation of New Net Contributions

The Chief Investment Officer shall allocate new net contributions to or withdraw net distributions from PERSI among investment managers in accordance with the long-term and strategic policy ranges established in the asset allocation. The Chief Investment Officer shall report to the Board regularly on the allocation of new net contributions or the withdrawal of net distributions.

(c) Tactical Asset Allocation and Rebalancing

The Chief Investment Officer may shift assets among managers (including between passive and active managers) provided the asset allocation is maintained within the stated ranges. When possible, net cash flows will be used to efficiently accommodate rebalancing and/or tactical asset shifts.

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(d) Minimum Qualifications of Chief Investment Officer

The Chief Investment Officer shall at least: (a) have a graduate degree in finance, law, or business administration or (b) be a Chartered Financial Analyst; or (c) have three or more years of experience in the investment of trust assets.

2. Actuaries

The Board will hire an actuary. The actuary will provide studies that will assist in (1) determining the long-term obligations faced by PERSI through annual actuarial valuations and (2) setting the expected investment return objectives or assumptions that will be sufficient to meet those obligations. The actuary will provide reviews of the actuarial valuation process at least once every four (4) years, including updating the projections and assumptions considering the experience of PERSI. These studies will be considered in setting the expected investment return objective.

3. Investment Consultants

The Board will hire a qualified independent investment consultant, whose relationship does not impose a conflict of interest with the Board or staff, to provide investment performance measurement at least quarterly with the report available to the Board within two months of the quarter end. The report will at least compare actual investment returns of the Trust -- in total, by each asset class, and for each managed portfolio -- with both the investment objectives of PERSI and a composite benchmark and peer group. Independent investment consultants may be hired to assist the Board in the management of its investment responsibilities, including, but not limited to: (1) performing asset liability studies and asset allocation reviews, and reviewing and recommending modifications to the asset allocation as conditions warrant; (2) assisting in monitoring the investment managers to assure they are in compliance with the investment policy and their individual guidelines; (3) performing manager evaluations and searches as may be necessary; and (4) assisting in the development and adjustment of investment policy. Except for consultants retained solely for purposes of performance measurement, consultants will be fiduciaries of the Trust.

C. Agents: Custodian and Investment Managers with Delegated Responsibilities

1. Custodian

(a) Responsibilities

Custodians and other custodian agents are fiduciaries of the Trust in their capacity as custodian and will assume full responsibility for the safekeeping and accounting of all assets held on behalf of the Trust. Among other duties, as may be agreed to, the custodian will be responsible for: (a) the receipt, delivery, transfer, exchange, and

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safekeeping of securities; (b) the claiming, receipt, and deposit of all dividend, interest, and other corporate actions; (c) the daily sweep of all uninvested funds into cash management account(s); and, (d) providing reports to PERSI, including but not limited to, securities transactions, dividend declarations, securities holdings, and a valuation of those securities. Unless the Board provides otherwise, the custodian will also be responsible for monitoring class action litigation, filing and collecting claims on PERSI's behalf, and reporting to PERSI on such activities.

The Board provides that the Executive Director shall be responsible for the monitoring of class action litigation, filing and collecting claims on PERSI's behalf, including "opt-in" (class action claims), and recommending whether to "opt-out" (securities litigation) and/or to participate in non-securities-based ("anti-trust") litigation activities and reporting to PERSI on such activities (please refer to PERSI Securities Litigation policy).

(b) Investment Vehicles

The Trust may be invested in suitable institutional investment vehicles, including but not limited to, collective investment trusts, separately managed accounts, mutual funds, and exchanged traded funds.

2. Investment Managers

The Board will hire investment managers who will be fiduciaries of the Trust and who will be responsible for the investment of the Trust in specific securities or assets within or among the asset classes.

(a) Minimum Qualifications

Investment managers shall be registered with the Securities and Exchange Commission (unless they are banks, insurance companies, or other category exempted from such registration requirements), have been in the business of investment management at least two years (or the main personnel of the investment management firm have worked together in the investment management business for at least two years), and usually have other United States pension fund assets under management.

(b) Guidelines

Investment managers shall manage assets in accordance with guidelines established by contract and as may be added to or modified from time to time. The guidelines will contain minimum diversification requirements that must be followed by that manager. These guidelines will also set out the investment return expected to be achieved by that manager and shall be linked to a benchmark that represents the passive index fund that would be used to replace the manager's assignment.

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(c) Responsibilities and Discretion

Subject to the restrictions set out in this policy or as may be set out in individual contracts or guidelines, an investment manager shall have full discretionary power to direct the investment, exchange, and liquidation of the assets entrusted to that manager. The manager shall place orders to buy and sell securities and, by notice to the custodian, cause the custodian to deliver and receive securities on behalf of the Trust.

(d) Voting of Proxies

The Board, unless otherwise stated, will delegate the voting of proxies to the investment managers or custodian. Proxy voting is considered to be a component of the investment decision process; therefore, the investment managers are responsible for voting all proxies in a manner consistent with the best economic interest of PERSI for the exclusive benefit of PERSI, prudent and otherwise consistent with Idaho Code section 59-1301(2), the Idaho Uniform Prudent Investor Act (Title 68, Chapter 5, Idaho Code), and applicable Federal law.

(e) Transactions and Brokerage

All securities transactions shall be executed by reputable broker/dealers or banks and shall be on a best price and best execution basis.

D. Use of Passive and Active Managers

1. Purpose and Use of Active Management

The Board recognizes that passive (index fund) investing has lower costs than active investing, with regard to both management fees and transaction costs. Further, the Board also recognizes that there is uncertainty concerning whether active investing can generally outperform passive investing, particularly in the large, liquid, and efficient portions of the capital markets. Also, the Board has great confidence that a passive investment of assets in an efficient asset allocation will likely meet long-term obligations.

Active managers will be hired for the purpose of providing greater stability of returns, and better returns, than would be achievable under purely passive management. Active managers will be responsible for timing of markets and the tactical allocation of assets among and within the capital markets (including between the U.S. and international markets). Some asset classes, such as private investments, do not have passive alternatives available.

In addition to providing extra returns, active managers will also be employed to smooth returns, provide higher long-term returns, provide protection in adverse markets, and to

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add exposure and additional diversification to the portfolio than that achievable solely through investment in passive indices representing the strategic asset allocation and strategic policies.

2. Structure

In using external managers, a structure using a reasonable number of managers with broad mandates and benchmarks will be employed. Passive managers will be favored for the core, liquid, efficient markets (such as U.S. Large Cap stocks and U.S. Government/Credit bonds).

Active managers will be favored for relatively inefficient markets (such as U.S. Small Cap and Emerging Markets).

Global managers will be used to provide flexibility in reacting to near-term concerns that may arise concerning any particular region or market, particularly the U.S. capital markets, and to provide an appropriate balance between efficient long-term asset allocations (which favor U.S. assets) and near-term allocations (which may have a greater preference for international assets) to meet the real (inflation-adjusted) return needs of PERSI.

Assets under the management of global equity managers will be considered U.S. equity assets for purposes of asset allocation. Consequently, actual allocations to international equities in the overall portfolio from time to time may be above that in the stated asset allocation due to the activities of the global equity managers.

3. Monitoring Standards for Investment Managers

Passive managers are expected to provide the returns of the assigned benchmark thus they will be evaluated based on their ability to generate performance that closely tracks their benchmark index.

Active managers will be evaluated based on their ability to generate performance that exceeds, after fees, the benchmark index that represents the passive alternative to their mandate over full market cycles. Performance evaluation will take into consideration any anomalies in a given period attributable to style cycles, interest rate cycles, sector cycles, geopolitical considerations, or any other factors that might meaningfully impact relative performance.

External managers are expected to maintain key personnel, a consistent style, and investment capability to successfully implement their mandate. Past performance is not

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a predictor of future performance; thus, it is just one factor to consider in the overall evaluation of a manager.

Other relevant information may be considered in determining whether to retain or terminate managers.

V. Asset Class Policies

A. U.S. Equities

1. Objective

The overall objective of the U.S. equity or Broad Domestic Equity asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Russell 3000 Index, both absolutely and on a risk-adjusted basis. For assets under the management of global equity managers, the objective for near-term periods will be to achieve a return after fees that is equal to or exceeds the returns of the MSCI World Index or MSCI All Country World Index (MSCI ACWI Index), both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in equity securities outside of the Russell 3000 Index, and global equity managers may invest in equity securities outside of the MSCI World or MSCI ACWI Indexes. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio.

3. Manager Styles

Managers for the U.S. equity asset class may include index funds, style managers (such as value, growth, and capitalization biases), "core" managers, and global managers.

4. Benchmarks

The Russell 3000 index will be the benchmark for the passive index funds, core managers, and global managers. For near-term periods, the MSCI World or MSCI ACWI indexes are the benchmarks for global equity managers. Other style or capitalization indices maintained by a qualified organization may be used as the benchmark for managers with style biases.

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B. International Equities

1. Objective

The overall objective of the International Equity Asset Class is to obtain, over time, a return after fees that equals or exceeds the returns of the MSCI Europe, Australasia, and Far East (MSCI EAFE) Index (unhedged), or the MSCI ACWI ex U.S. Index, both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in American Depository Receipts or American Depository Shares. Managers may invest in equity securities of companies or in countries that are not included in the indices. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Managers may, at their discretion, hedge the currency exposure of all or part of their portfolios. Managers may not over-hedge their portfolio, although proxy hedging for purposes of liquidity and cost savings is allowed.

3. Manager Styles

Managers for the International Equity asset class may include index funds, general international managers, and regional or specialized managers (such as emerging markets). The Board may from time to time hire a currency overlay manager to hedge the currency exposure in those portfolios where managers do not actively or normally consider hedging their exposure.

4. Benchmarks

The MSCI EAFE Index (unhedged), will be the benchmark for the developed markets passive index fund. Active international developed markets managers may use as their benchmark either the MSCI EAFE index or the MSCI ACWI ex US index (unhedged). The MSCI Emerging Markets (MSCI EMF) index will be the benchmark for the emerging markets managers, both active and passive. Regional or specialized indices (unhedged) maintained by a qualified organization may be used as the benchmark for other active managers.

C. Fixed Income

1. Objectives

The overall objective of the Fixed Income asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Aggregate Bond Index (Aggregate Index) both absolutely and on a risk-adjusted basis.

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The Fixed Income asset class shall consist of investments in mortgages and in both dollar and non-dollar fixed income securities. Mortgages shall consist of investments in mortgage-backed securities, and direct ownership of commercial mortgages through the Idaho Commercial Mortgage Program.

The objective of the non-mortgage fixed income securities other than real return portfolios is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Government/Credit Bond Index (Government/Credit Index) on a risk-adjusted basis. The overall objective of the mortgage securities is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Mortgage Index (Mortgage Index) on a risk-adjusted basis. The overall objective of the real return fixed income portion is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg TIPS Index (US TIPS Index) on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in debt securities that do not pay interest. Active managers may invest in securities in companies or countries that are not included in the indices. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Fixed income managers may, at their discretion and to the extent allowed by their contracts and guidelines, use currency forward or futures markets as may be considered appropriate to implement fixed income strategies.

3. Manager Styles

Managers in the Fixed Income asset class may include index funds, domestic bond managers, specialized managers, and global managers.

4. Benchmarks

The Aggregate Index will be the benchmark for the asset class. The Government/Credit Index or Aggregate Index will be the benchmark for all non-mortgage fixed income managers except real return fixed income managers. The TIPS index will be the benchmark for real return fixed income managers. The Mortgage Index will be the benchmark for all mortgage managers.

D. Real Estate

1. Objectives

Equity real estate investments will be considered part of the U.S. Equity asset class. The overall objective of equity real estate investments is to attain a 5% real rate of return overall, over a long-term holding period, as long as this objective is consistent with

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maintaining the safety of principal. The 5% real rate of return includes both income and appreciation, is net of investment management fees, and is net of inflation as measured annually by the Consumer Price Index. Over a short-term basis, the objective is to earn a nominal minimum income yield of 4% at the portfolio level, allowing flexibility for individual investments to pursue select value-added and development strategies which typically provide little or no current income return.

2. Allowable Investments

Allowable equity real estate investments include open-end and closed-end commingled real estate funds, direct real estate investments, publicly traded real estate investment trusts (REITs), passive REIT index funds, and other public real estate companies, private real estate companies and real estate operating venture entities. Allowable investments must be originated and managed by real estate advisors with substantial experience originating and managing similar investments with other institutional investors. The real estate asset sector is not intended to include solely debt investments; in particular, straight mortgage interests are considered part of the fixed income asset class. The real estate asset sector may include equity-oriented debt investments, including mezzanine loans, that conform with the return targets of the sector.

3. Need for Income Component of Return

Upon closing, each real estate investment must have as a goal the expectation of an annual income return and overall holding period return measured primarily by realized return rather than expected capital appreciation. Thus, a significant portion of real estate investments made should be in existing income producing properties with measurable return expectations rather than purely development properties. However, existing properties with potential for physical enhancement, including development or redevelopment, are acceptable investments. Select development properties can be considered so long as they don't comprise more than 20% of the total real estate portfolio at any given time.

4. Protection of the Trust

Investment vehicles should be chosen that will protect the Trust, including a provision for investments that do not contain debt or liability with recourse beyond the Trust commitment to the related business entity, a provision for inspection and evaluation of environmental hazards prior to the purchase of any specific property, and the provision of insurance coverage to protect against environmental and natural hazards.

5. Reporting

A comprehensive reporting system for individual investments, entities and funds will be maintained so that primary operational and economic characteristics are continually defined, and underperforming investments can be identified and remediated. Active

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asset and portfolio management is required for the management of all non-publicly traded real estate investments. Investment managers shall be required to present periodic operational reports within approved formats, including statements of fair market value, audited financial statements and annual business plans.

6. Benchmarks

The MSCI US REIT, Dow Jones Select REIT, NAREIT all Equity, or Wilshire REIT index will be the benchmark for the passive REIT index fund. The National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index or the Open-End Core Equity (NFI-ODCE) Value Weight net will be the benchmarks for the open-end and closed-end funds and private real estate. The asset class in total will be benchmarked against the Russell 3000 index.

7. Asset Allocation

For purposes of asset allocation, real estate investments will be treated as part of the U.S. equity asset class.

E. Alternative Investments

1. Definition and Board Approval

The Board may from time to time authorize the investment of the Trust in entities or structures that do not fit the asset descriptions listed above. Examples of such investments are venture capital partnerships, private equity, leveraged buy-out funds, private debt, and direct ownership of individual assets such as oil and gas partnerships. These investments shall only be entered into upon the recommendation of a qualified consultant after due diligence and with approval by the Board or a subcommittee appointed by the Board to review the recommendation. Subsequent investments with a previously approved alternative investment manager do not require additional specific approvals by the Board or subcommittee.

2. Objectives and Benchmarks

If the alternative investment is an equity investment, the objective for the investment will be to exceed, over time and after fees, the return achieved by the Russell 3000 Index. If the alternative investment is a debt investment, then the objective will be to exceed, over time and after fees, the returns achieved by the Government/Credit Index. It is recognized that these investments may experience greater volatility than the comparable publicly traded securities and indices.

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3. Asset Allocation

For purposes of asset allocation, alternative equity investments will be treated as part of the U.S. equity asset class, and alternative debt investments will be treated as part of the fixed income asset class.

VI. Asset Allocation

The tables in Appendix I summarize the asset allocation of the Trust, including the target asset allocation, allowable ranges, and benchmarks.

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ADOPTION: The Board of Trustees of the Public Employee Retirement System of Idaho (PERSI) adopts this Investment Policy Statement dated November 2026, which supersedes the Statement adopted March 2024. We hereby certify that this statement incorporates the full and current text of adopted policies and objectives and do hereby charge the staff, consultants, and investment managers to employ good judgment in exercising the intent expressed within this Statement.

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Appendix I

Asset Allocation - Long-Term (Broad) and Strategic Policy

Asset Class	Long-Term Target Allocation	Strategic Target Allocation	Ranges	Benchmarks
Equities				
Domestic Equity	**55%**	21%	50% - 65%	Russell 3000
Global		18%		MSCI ACWI/World
Real Estate		8%		NAREIT/NFI-ODCE
Private Equity		8%		Russell 3000
International Developed	**15%**	6%	10% - 20%	MSCI EAFE Net Div
International Emerging		9%		MSCI EM Net Div
Fixed Income	**30%**	30%	23% - 33%	Bloomberg Aggregate
Aggregate		15%		Bloomberg Aggregate
Mortgages		5%		Bloomberg Mortgage
U.S. TIPS		10%		U.S. TIPS
Total Fund	100%	100%		Composite*

** Composite returns are the target weighted returns of the asset class benchmarks*

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PERSI

Public Employee Retirement System of Idaho

Investment Policy Statement

for the

Defined Benefit Plan

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Adopted
- Date -

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I. Introduction

The Retirement Board ("Board") of the Public Employee Retirement System of Idaho ("PERSI"), hereby establishes its Investment Policy Statement ("IPS") for the investment of the Trust funds ("Trust") of the Defined Benefit Plan, in accordance with Idaho Code Chapter 13, Title 59.

The purpose is to define investment objectives and policies and to delineate the duties and responsibilities of agents involved with the investment of the Trust. The Board will review this Investment Policy Statement periodically, at least once every 5 years.

II. Statutory Requirements

The Trust will be invested in accordance with all applicable laws including the laws of the State of Idaho.

A. Sole Interest of Beneficiaries

The Trust will be invested solely in the interest of the members and their beneficiaries and for the exclusive purpose of providing benefits to the members and their beneficiaries and defraying reasonable expenses of administration.

B. Prudent Investments

Investments will be made with the judgment and care under the circumstances then prevailing, which people of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable outcome as well as the probable safety of their capital. Investments will be diversified so as to minimize the risk of loss and to maximize the rate of return.

C. Fiduciary Duties

The Board and its agents, including staff, consultants, and investment managers, will discharge their duties with respect to the Trust solely in the best interest of the members and their beneficiaries, and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

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III. Investment Goals

A. General Objective

The purpose of the investment of the Trust is to provide funds to meet the obligations of PERSI while incurring the appropriate amount of risk consistent with attaining that goal. The Board will invest the assets of the Trust and will reduce risk through diversification of the assets of the Trust.

In determining the investment returns needed by PERSI, the acceptable risk levels, and the allowable investments, the Board will consider:

- the purpose of the Trust;
- the projected return of the portfolio as it relates to the funding objectives of the Trust;
- the effect of particular investments on the total portfolio;
- the diversification of the portfolio; and
- the liquidity needs and distribution requirements of the Trust.

B. Investment return and risk objectives

1. Investment Returns

(a) Actuarial Investment Return Assumptions

In projecting obligations and the returns needed to meet those obligations, the Board will consider studies performed by PERSI's actuaries.

The actuarial investment return assumption consists of an expected real return and an expected inflation assumption, and considers relevant factors, including the expected growth of the benefits over the life of the Trust including assumptions for salary growth rates (and mortality), inflation, a 1% annual statutorily driven cost of living adjustment (COLA), and the costs of managing the Trust.

Assuming all the actuarial assumptions are accurate, the actuarial investment return will suffice to: (1) assure the payment of statutorily required benefits including a 1% COLA; and (2) maintain the reduction of the level of the unfunded liability (if any) on the scheduled amortization (one year at a time). The actuarial investment return will not be

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sufficient to fund either discretionary COLAs, retroactive COLAs, accelerate the amortization of the unfunded liability, build a stabilization reserve, or allow for gain-sharing distributions.

2. Investment Risk and Asset Allocation:

(a) Diversification Among Asset Classes

In controlling the risk level that is appropriate for the Trust, assets will be diversified among various asset classes. The specific asset classes to be used will be set in conjunction with the asset allocation policy.

(b) Review of Asset Classes and Asset Allocation

The long-term allocation will focus on the goal that expected long-term returns of the Trust will meet the expected long-term obligations of PERSI with the appropriate level of risk sufficient to meet those objectives. Unless circumstances materially change, the long-term allocation will be reviewed at least once every five (5) years, at which time appropriate asset classes for the investment of the Trust will be determined and asset allocation studies will be conducted to help determine the long-term allocations among desired asset classes so as to meet long-term return objectives with the appropriate level of risk.

(c) Content of Asset Allocations

The asset allocation will set out the following:

- asset classes to be included;
- long-term "normal" percentage of total assets to be invested in each asset class;
- ranges that will be considered allowable deviations from the normal allocation;
- investment risk and return expectations for each asset class;
- numerical investment return and risk expected to be realized; and
- the relation of the expected investment return to the real return and the actuarially assumed investment return.

(d) Strategic Allocation

In addition to the long-term asset allocation, the Board may adopt "strategic allocations". The purpose of strategic allocations are to either increase the return above

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the expected return and/or to reduce risk. Strategic allocations allow investment in asset types that have not been singled out as "asset classes" in the long-term (broad) policy target, to overweight particular sectors within an asset class, or to employ particular strategies of the Trust.

IV. Investment Structure

PERSI employs an investment philosophy described as "simple, transparent, focused, and patient approach following conventional investment principles". In making specific investment policy decisions, the Board will have as an overall goal a flexible, simplified structure with clear roles and accountability.

1. Board Responsibility

The Board is responsible for all investment activities. In exercising this responsibility, the Board will hire investment staff and agents and may delegate various investment functions to them. Where the Board does not delegate investment powers or duties, the Board will either satisfy itself that it is familiar with such matters or will retain persons who are familiar with such matters to consult or assist the Board in the exercise of those responsibilities. Where the Board delegates a responsibility, it will be delegated to a person who is familiar with such matters, and the Board will monitor and review the actions of those to whom responsibilities are delegated.

2. General Roles and Responsibilities of Board and Agents

The Board will favor a structure that accommodates a citizen Board and a small investment staff. The Board and investment staff will concentrate their activities on:

- making strategic decisions, primarily concerning asset allocation and strategic allocations;
- adjusting the mix between passive and active managers depending on, among other considerations, near-term concerns regarding the U.S. and other capital markets;
- delegating and monitoring all other activities, including hiring and monitoring investment managers; and
- maintaining a reporting process that provides a clear picture of the status of the Trust on a reasonably concurrent basis to both the Board and PERSI's constituencies.

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The Board will delegate the implementation of its investment policy to investment staff and external investment managers and other investment agents. This responsibility includes those investment decisions with shorter-term consequences such as the selection of securities, regions, asset types, or asset classes.

A. Direct (Non-Delegated) Responsibilities of the Board

The Board is responsible for:

- Approving investment policy;
- Determining the investment structure of the Trust;
- Determining the asset classes to be utilized;
- Setting the asset allocation;
- Determining or authorizing strategic allocations;
- Hiring agents to implement the asset allocation;
- Hiring agents to implement strategic allocations; and
- Monitoring the investments of the Trust through periodic reports from its staff or consultants.

B. Agents: Chief Investment Officer, Actuaries, Consultants, and Advisors to the Board

1. Chief Investment Officer

(a) Duties of Chief Investment Officer

The Board will hire and oversee a Chief Investment Officer (CIO) who will be generally responsible for the oversight of the investment of the Trust, and, as part of that overall responsibility, will:

- supervise, monitor, and evaluate the performance of the investment managers and other investment agents hired by the Board to assure compliance with investment policy and individual guidelines;

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- recommend to the Board adjustments to the investment policy, including reviewing and modifying the asset allocation as conditions warrant;

- seek approval from the Board with respect to termination of managers and agents. If situations arise which require immediate action, the Board has delegated the authority to the CIO to prudently terminate managers and agents, with notification to the Board as soon as reasonably practicable;

- research current market conditions, evaluate new products, and seek out new approaches to improve portfolio return, reduce risk, and reduce costs and fees;

- work with the consultants, custodians, investment managers, and other agents in the performance of the assigned duties, with the exception of "opt-in" (class action claims), "opt-out" (securities litigation, including lead and co-lead) and non-securities-based ("anti-trust") litigation;

- assist the Board with education and other efforts to promote good decision making;

- hire and manage investment staff/personnel, including investment advisors to staff;

- except in special circumstances, will not buy/sell/transact in specific securities; and

- coordinate with the Executive Director staff to implement investment actions/decisions and reporting needs.

(b) Allocation of New Net Contributions

The Chief Investment Officer shall allocate new net contributions to or withdraw net distributions from PERSI among investment managers in accordance with the long-term and strategic policy ranges established in the asset allocation. The Chief Investment Officer shall report to the Board regularly on the allocation of new net contributions or the withdrawal of net distributions.

(c) Tactical Asset Allocation and Rebalancing

The Chief Investment Officer may shift assets among managers (including between passive and active managers) provided the asset allocation is maintained within the stated ranges. When possible, net cash flows will be used to efficiently accommodate rebalancing and/or tactical asset shifts.

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(d) Minimum Qualifications of Chief Investment Officer

The Chief Investment Officer shall at least: (a) have a graduate degree in finance, law, or business administration or (b) be a Chartered Financial Analyst; or (c) have three or more years of experience in the investment of trust assets.

2. Actuaries

The Board will hire an actuary. The actuary will provide studies that will assist in (1) determining the long-term obligations faced by PERSI through annual actuarial valuations and (2) setting the expected investment return objectives or assumptions that will be sufficient to meet those obligations. The actuary will provide reviews of the actuarial valuation process at least once every four (4) years, including updating the projections and assumptions considering the experience of PERSI. These studies will be considered in setting the expected investment return objective.

3. Investment Consultants

The Board will hire a qualified independent investment consultant, whose relationship does not impose a conflict of interest with the Board or staff, to provide investment performance measurement at least quarterly with the report available to the Board within two months of the quarter end. The report will at least compare actual investment returns of the Trust -- in total, by each asset class, and for each managed portfolio -- with both the investment objectives of PERSI and a composite benchmark and peer group. Independent investment consultants may be hired to assist the Board in the management of its investment responsibilities, including, but not limited to: (1) performing asset liability studies and asset allocation reviews, and reviewing and recommending modifications to the asset allocation as conditions warrant; (2) assisting in monitoring the investment managers to assure they are in compliance with the investment policy and their individual guidelines; (3) performing manager evaluations and searches as may be necessary; and (4) assisting in the development and adjustment of investment policy. Except for consultants retained solely for purposes of performance measurement, consultants will be fiduciaries of the Trust.

C. Agents: Custodian and Investment Managers with Delegated Responsibilities

1. Custodian

(a) Responsibilities

Custodians and other custodian agents are fiduciaries of the Trust in their capacity as custodian and will assume full responsibility for the safekeeping and accounting of all assets held on behalf of the Trust. Among other duties, as may be agreed to, the custodian will be responsible for: (a) the receipt, delivery, transfer, exchange, and

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safekeeping of securities; (b) the claiming, receipt, and deposit of all dividend, interest, and other corporate actions; (c) the daily sweep of all uninvested funds into cash management account(s); and, (d) providing reports to PERSI, including but not limited to, securities transactions, dividend declarations, securities holdings, and a valuation of those securities. Unless the Board provides otherwise, the custodian will also be responsible for monitoring class action litigation, filing and collecting claims on PERSI's behalf, and reporting to PERSI on such activities.

The Board provides that the Executive Director shall be responsible for the monitoring of class action litigation, filing and collecting claims on PERSI's behalf, including "opt-in" (class action claims), and recommending whether to "opt-out" (securities litigation) and/or to participate in non-securities-based ("anti-trust") litigation activities and reporting to PERSI on such activities (please refer to PERSI Securities Litigation policy).

(b) Investment Vehicles

The Trust may be invested in suitable institutional investment vehicles, including but not limited to, collective investment trusts, separately managed accounts, mutual funds, and exchanged traded funds.

2. Investment Managers

The Board will hire investment managers who will be fiduciaries of the Trust and who will be responsible for the investment of the Trust in specific securities or assets within or among the asset classes.

(a) Minimum Qualifications

Investment managers shall be registered with the Securities and Exchange Commission (unless they are banks, insurance companies, or other category exempted from such registration requirements), have been in the business of investment management at least two years (or the main personnel of the investment management firm have worked together in the investment management business for at least two years), and usually have other United States pension fund assets under management.

(b) Guidelines

Investment managers shall manage assets in accordance with guidelines established by contract and as may be added to or modified from time to time. The guidelines will contain minimum diversification requirements that must be followed by that manager. These guidelines will also set out the investment return expected to be achieved by that manager and shall be linked to a benchmark that represents the passive index fund that would be used to replace the manager's assignment.

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(c) Responsibilities and Discretion

Subject to the restrictions set out in this policy or as may be set out in individual contracts or guidelines, an investment manager shall have full discretionary power to direct the investment, exchange, and liquidation of the assets entrusted to that manager. The manager shall place orders to buy and sell securities and, by notice to the custodian, cause the custodian to deliver and receive securities on behalf of the Trust.

(d) Voting of Proxies

The Board, unless otherwise stated, will delegate the voting of proxies to the investment managers or custodian. Proxy voting is considered to be a component of the investment decision process; therefore, the investment managers are responsible for voting all proxies in a manner consistent with the best economic interest of PERSI for the exclusive benefit of PERSI, prudent and otherwise consistent with Idaho Code section 59-1301(2), the Idaho Uniform Prudent Investor Act (Title 68, Chapter 5, Idaho Code), and applicable Federal law.

(e) Transactions and Brokerage

All securities transactions shall be executed by reputable broker/dealers or banks and shall be on a best price and best execution basis.

D. Use of Passive and Active Managers

1. Purpose and Use of Active Management

The Board recognizes that passive (index fund) investing has lower costs than active investing, with regard to both management fees and transaction costs. Further, the Board also recognizes that there is uncertainty concerning whether active investing can generally outperform passive investing, particularly in the large, liquid, and efficient portions of the capital markets. Also, the Board has great confidence that a passive investment of assets in an efficient asset allocation will likely meet long-term obligations.

Active managers will be hired for the purpose of providing greater stability of returns, and better returns, than would be achievable under purely passive management. Active managers will be responsible for timing of markets and the tactical allocation of assets among and within the capital markets (including between the U.S. and international markets). Some asset classes, such as private investments, do not have passive alternatives available.

In addition to providing extra returns, active managers will also be employed to smooth returns, provide higher long-term returns, provide protection in adverse markets, and to

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add exposure and additional diversification to the portfolio than that achievable solely through investment in passive indices representing the strategic asset allocation and strategic policies.

2. Structure

In using external managers, a structure using a reasonable number of managers with broad mandates and benchmarks will be employed. Passive managers will be favored for the core, liquid, efficient markets (such as U.S. Large Cap stocks and U.S. Government/Credit bonds).

Active managers will be favored for relatively inefficient markets (such as U.S. Small Cap and Emerging Markets).

Global managers will be used to provide flexibility in reacting to near-term concerns that may arise concerning any particular region or market, particularly the U.S. capital markets, and to provide an appropriate balance between efficient long-term asset allocations (which favor U.S. assets) and near-term allocations (which may have a greater preference for international assets) to meet the real (inflation-adjusted) return needs of PERSI.

Assets under the management of global equity managers will be considered U.S. equity assets for purposes of asset allocation. Consequently, actual allocations to international equities in the overall portfolio from time to time may be above that in the stated asset allocation due to the activities of the global equity managers.

3. Monitoring Standards for Investment Managers

Passive managers are expected to provide the returns of the assigned benchmark thus they will be evaluated based on their ability to generate performance that closely tracks their benchmark index.

Active managers will be evaluated based on their ability to generate performance that exceeds, after fees, the benchmark index that represents the passive alternative to their mandate over full market cycles. Performance evaluation will take into consideration any anomalies in a given period attributable to style cycles, interest rate cycles, sector cycles, geopolitical considerations, or any other factors that might meaningfully impact relative performance.

External managers are expected to maintain key personnel, a consistent style, and investment capability to successfully implement their mandate. Past performance is not

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a predictor of future performance; thus, it is just one factor to consider in the overall evaluation of a manager.

Other relevant information may be considered in determining whether to retain or terminate managers.

V. Asset Class Policies

A. U.S. Equities

1. Objective

The overall objective of the U.S. equity or Broad Domestic Equity asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Russell 3000 Index, both absolutely and on a risk-adjusted basis. For assets under the management of global equity managers, the objective for near-term periods will be to achieve a return after fees that is equal to or exceeds the returns of the MSCI World Index or MSCI All Country World Index (MSCI ACWI Index), both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in equity securities outside of the Russell 3000 Index, and global equity managers may invest in equity securities outside of the MSCI World or MSCI ACWI Indexes. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio.

3. Manager Styles

Managers for the U.S. equity asset class may include index funds, style managers (such as value, growth, and capitalization biases), "core" managers, and global managers.

4. Benchmarks

The Russell 3000 index will be the benchmark for the passive index funds, core managers, and global managers. For near-term periods, the MSCI World or MSCI ACWI indexes are the benchmarks for global equity managers. Other style or capitalization indices maintained by a qualified organization may be used as the benchmark for managers with style biases.

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B. International Equities

1. Objective

The overall objective of the International Equity Asset Class is to obtain, over time, a return after fees that equals or exceeds the returns of the MSCI Europe, Australasia, and Far East (MSCI EAFE) Index (unhedged), or the MSCI ACWI ex U.S. Index, both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in American Depository Receipts or American Depository Shares. Managers may invest in equity securities of companies or in countries that are not included in the indices. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Managers may, at their discretion, hedge the currency exposure of all or part of their portfolios. Managers may not over-hedge their portfolio, although proxy hedging for purposes of liquidity and cost savings is allowed.

3. Manager Styles

Managers for the International Equity asset class may include index funds, general international managers, and regional or specialized managers (such as emerging markets). The Board may from time to time hire a currency overlay manager to hedge the currency exposure in those portfolios where managers do not actively or normally consider hedging their exposure.

4. Benchmarks

The MSCI EAFE Index (unhedged), will be the benchmark for the developed markets passive index fund. Active international developed markets managers may use as their benchmark either the MSCI EAFE index or the MSCI ACWI ex US index (unhedged). The MSCI Emerging Markets (MSCI EMF) index will be the benchmark for the emerging markets managers, both active and passive. Regional or specialized indices (unhedged) maintained by a qualified organization may be used as the benchmark for other active managers.

C. Fixed Income

1. Objectives

The overall objective of the Fixed Income asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Aggregate Bond Index (Aggregate Index) both absolutely and on a risk-adjusted basis.

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The Fixed Income asset class shall consist of investments in mortgages and in both dollar and non-dollar fixed income securities. Mortgages shall consist of investments in mortgage-backed securities, and direct ownership of commercial mortgages through the Idaho Commercial Mortgage Program.

The objective of the non-mortgage fixed income securities other than real return portfolios is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Government/Credit Bond Index (Government/Credit Index) on a risk-adjusted basis. The overall objective of the mortgage securities is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Mortgage Index (Mortgage Index) on a risk-adjusted basis. The overall objective of the real return fixed income portion is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg TIPS Index (US TIPS Index) on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in debt securities that do not pay interest. Active managers may invest in securities in companies or countries that are not included in the indices. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Fixed income managers may, at their discretion and to the extent allowed by their contracts and guidelines, use currency forward or futures markets as may be considered appropriate to implement fixed income strategies.

3. Manager Styles

Managers in the Fixed Income asset class may include index funds, domestic bond managers, specialized managers, and global managers.

4. Benchmarks

The Aggregate Index will be the benchmark for the asset class. The Government/Credit Index or Aggregate Index will be the benchmark for all non-mortgage fixed income managers except real return fixed income managers. The TIPS index will be the benchmark for real return fixed income managers. The Mortgage Index will be the benchmark for all mortgage managers.

D. Real Estate

1. Objectives

Equity real estate investments will be considered part of the U.S. Equity asset class. The overall objective of equity real estate investments is to attain a 5% real rate of return overall, over a long-term holding period, as long as this objective is consistent with

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maintaining the safety of principal. The 5% real rate of return includes both income and appreciation, is net of investment management fees, and is net of inflation as measured annually by the Consumer Price Index. Over a short-term basis, the objective is to earn a nominal minimum income yield of 4% at the portfolio level, allowing flexibility for individual investments to pursue select value-added and development strategies which typically provide little or no current income return.

2. Allowable Investments

Allowable equity real estate investments include open-end and closed-end commingled real estate funds, direct real estate investments, publicly traded real estate investment trusts (REITs), passive REIT index funds, and other public real estate companies, private real estate companies and real estate operating venture entities. Allowable investments must be originated and managed by real estate advisors with substantial experience originating and managing similar investments with other institutional investors. The real estate asset sector is not intended to include solely debt investments; in particular, straight mortgage interests are considered part of the fixed income asset class. The real estate asset sector may include equity-oriented debt investments, including mezzanine loans, that conform with the return targets of the sector.

3. Need for Income Component of Return

Upon closing, each real estate investment must have as a goal the expectation of an annual income return and overall holding period return measured primarily by realized return rather than expected capital appreciation. Thus, a significant portion of real estate investments made should be in existing income producing properties with measurable return expectations rather than purely development properties. However, existing properties with potential for physical enhancement, including development or redevelopment, are acceptable investments. Select development properties can be considered so long as they don't comprise more than 20% of the total real estate portfolio at any given time.

4. Protection of the Trust

Investment vehicles should be chosen that will protect the Trust, including a provision for investments that do not contain debt or liability with recourse beyond the Trust commitment to the related business entity, a provision for inspection and evaluation of environmental hazards prior to the purchase of any specific property, and the provision of insurance coverage to protect against environmental and natural hazards.

5. Reporting

A comprehensive reporting system for individual investments, entities and funds will be maintained so that primary operational and economic characteristics are continually defined, and underperforming investments can be identified and remediated. Active

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asset and portfolio management is required for the management of all non-publicly traded real estate investments. Investment managers shall be required to present periodic operational reports within approved formats, including statements of fair market value, audited financial statements and annual business plans.

6. Benchmarks

The MSCI US REIT, Dow Jones Select REIT, NAREIT all Equity, or Wilshire REIT index will be the benchmark for the passive REIT index fund. The National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index or the Open-End Core Equity (NFI-ODCE) Value Weight net will be the benchmarks for the open-end and closed-end funds and private real estate. The asset class in total will be benchmarked against the Russell 3000 index.

7. Asset Allocation

For purposes of asset allocation, real estate investments will be treated as part of the U.S. equity asset class.

E. Alternative Investments

1. Definition and Board Approval

The Board may from time to time authorize the investment of the Trust in entities or structures that do not fit the asset descriptions listed above. Examples of such investments are venture capital partnerships, private equity, leveraged buy-out funds, private debt, and direct ownership of individual assets such as oil and gas partnerships. These investments shall only be entered into upon the recommendation of a qualified consultant after due diligence and with approval by the Board or a subcommittee appointed by the Board to review the recommendation. Subsequent investments with a previously approved alternative investment manager do not require additional specific approvals by the Board or subcommittee.

2. Objectives and Benchmarks

If the alternative investment is an equity investment, the objective for the investment will be to exceed, over time and after fees, the return achieved by the Russell 3000 Index. If the alternative investment is a debt investment, then the objective will be to exceed, over time and after fees, the returns achieved by the Government/Credit Index. It is recognized that these investments may experience greater volatility than the comparable publicly traded securities and indices.

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3. Asset Allocation

For purposes of asset allocation, alternative equity investments will be treated as part of the U.S. equity asset class, and alternative debt investments will be treated as part of the fixed income asset class.

VI. Asset Allocation

The tables in Appendix I summarize the asset allocation of the Trust, including the target asset allocation, allowable ranges, and benchmarks.

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ADOPTION: The Board of Trustees of the Public Employee Retirement System of Idaho (PERSI) adopts this Investment Policy Statement dated November 2026, which supersedes the Statement adopted March 2024. We hereby certify that this statement incorporates the full and current text of adopted policies and objectives and do hereby charge the staff, consultants, and investment managers to employ good judgment in exercising the intent expressed within this Statement.

DRAFT

Appendix I

Asset Allocation - Long-Term (Broad) and Strategic Policy

Asset Class	Long-Term Target Allocation	Strategic Target Allocation	Ranges	Benchmarks
Equities				
Domestic Equity	**55%**	21%	50% - 65%	Russell 3000
Global		18%		MSCI ACWI/World
Real Estate		8%		NAREIT/NFI-ODCE
Private Equity		8%		Russell 3000
International Developed	**15%**	6%	10% - 20%	MSCI EAFE Net Div
International Emerging		9%		MSCI EM Net Div
Fixed Income	**30%**	30%	23% - 33%	Bloomberg Aggregate
Aggregate		15%		Bloomberg Aggregate
Mortgages		5%		Bloomberg Mortgage
U.S. TIPS		10%		U.S. TIPS
Total Fund	100%	100%		Composite*

** Composite returns are the target weighted returns of the asset class benchmarks*

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Memo

Date: November 02, 2026

To: PERSI Board

From: Richelle A. Sugiyama, Chief Investment Officer
Chris Brechbuhler, Deputy Chief Investment Officer
Sofia Wilson, Investment Officer

Re: Unused Sick Leave Investment Policy Statement (IPS)

We recommend the Board approve and adopt the Unused Sick Leave Investment Policy Statement (IPS) as revised. Both a red-lined version and a clean draft copy are attached for your review.

The core substance and governing framework of the policy remain unchanged. The current revisions reflect a collaborative effort to streamline the document without altering existing authority, oversight, or responsibilities.

Please let us know if you have any revisions, questions or would like to discuss.

Staff recommendation:
Approve and adopt the Investment Policy Statement as revised.

PERSI

Public Employee Retirement System of Idaho

Investment Policy Statement

for the

Unused Sick Leave Funds

ADOPTED NOVEMBER XX, 2026

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I. Introduction

The Retirement Board ("Board") of the Public Employee Retirement System of Idaho ("PERSI") hereby establishes its Investment Policy Statement ("IPS") for the Unused Sick Leave Funds ("Funds") in accordance with Idaho Code Chapter 13, Title 59. The Funds consist of the assets for the Unused Sick Leave Benefit programs provided under Idaho Code Section 67-5333 for the State Employees ("State") and the School Employees ("School") Section 33-1228.

The purpose is to define investment objectives and policies and to delineate the duties and responsibilities of agents involved in the investments of the Funds. The Board will review this Investment Policy Statement periodically, at least once every 5 years.

II. Statutory Requirements

The Funds will be invested in accordance with all applicable laws including the laws of the State of Idaho. The provisions governing the Funds are contained in Idaho Code sections 67-5333, 33-1228 and 33-2109A and applicable PERSI rules (59-1305).

A. Prudent Investments

Investments will be made with the judgment and care under the circumstances then prevailing, which people of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable outcome as well as the probable safety of their capital. Investments will be diversified so as to minimize the risk of loss and to maximize the rate of return.

B. Fiduciary Duties

The Board and its agents, including staff, consultants, and investment managers, will discharge their duties with respect to the Funds' assets solely in the best interest of the Funds, and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

III. Investment Goals

A. General Objective

1. Considerations

In determining the investment returns needed by the Funds, the acceptable risk levels, and the allowable investments, the Board will consider:

* the purpose of the Funds;
* the projected return of the portfolio as it relates to the funding objectives of the Funds;
* the effect of particular investments on the total portfolio;
* the diversification of the portfolio; and
* the liquidity needs and distribution requirements of the Funds.

B. Investment return and risk objectives

1. Investment Returns

(a) Actuarial Investment Return Assumptions

In projecting obligations and the returns needed to meet those obligations, the Board will consider studies performed by PERSI's actuaries.

The actuarial investment return assumption consists of an expected real return and an expected inflation assumption and considers relevant factors as determined by the actuary.

2. Investment Risk and Asset Allocation

(a) Diversification Among Asset Classes

In controlling the risk level that is appropriate for the Funds, assets will be diversified among various asset classes. The specific asset classes to be used will be set in conjunction with the asset allocation policy.

(b) Review of Asset Classes and Asset Allocation

The long-term allocation will focus on the goal that expected long-term returns of the Funds will meet the expected long-term obligations of the Funds with the appropriate level of risk sufficient to meet those objectives. Unless circumstances materially change, the long-term allocation will be reviewed at least once every five (5) years, at which time, appropriate asset classes for the investment of the Funds will be determined and asset allocation studies will be conducted to help determine the long-term allocations among desired asset classes so as to meet long-term return objectives with the appropriate level of risk. While historically the long-term allocation policy for the State and School Funds has been the same, this may or may not be the case in the future.

(c) Content of Asset Allocations

The asset allocation will set out the following:

* asset classes to included;
* long-term "normal" percentage of total assets to be invested in each asset class;
* ranges that will be considered allowable deviations from the normal allocation;
* investment risk and return expectations for each asset class,
* numerical investment return and risk expected to be realized, and
* the relation of the expected investment return to the real return and the actuarially assumed investment return.

IV. Investment Structure

A. Overall Structure

PERSI employs an investment philosophy described as "simple, transparent, focused and patient approach following conventional investment principles". In making specific investment policy decisions, the Board will have as an overall goal a flexible, simplified structure with clear roles and accountability.

1. Board Responsibility

The Board is responsible for all investment activities. In exercising this responsibility, the Board will hire investment staff and agents and may delegate various investment

functions to them. Where the Board does not delegate investment powers or duties, the Board will either satisfy itself that it is familiar with such matters or will retain persons who are familiar with such matters to consult or assist the Board in the exercise of those responsibilities. Where the Board delegates a responsibility, it will be delegated to a person who is familiar with such matters, and the Board will monitor and review the actions of those to whom responsibilities are delegated.

2. General Roles and Responsibilities of Board and Agents

The Board will favor a structure that accommodates a citizen Board and a small investment staff. The Board and investment staff will concentrate their activities on:

* making strategic decisions, primarily concerning asset allocation;

* adjusting the mix between passive and active managers depending on, among other considerations, near-term concerns regarding the U.S. and other capital markets;

* delegating and monitoring all other activities, including hiring and monitoring investment managers; and

* maintaining a reporting process that provides a clear picture of the status of the Funds on a reasonably concurrent basis to both the Board and PERSI's constituencies.

The Board will delegate the implementation of its investment policy to investment staff and external investment managers and other investment agents. This responsibility includes those investment decisions with shorter-term consequences such as the selection of securities, regions, asset types, or asset classes.

B. Direct (Non-Delegated) Responsibilities of the Board

The Board is responsible for:

* Approving investment policy;

* Determining the investment structure of the Funds;

* Determining the asset classes to be utilized;

* Setting the asset allocation;

- Hiring agents to implement the asset allocation; and

- Monitoring the investments of the Funds through periodic reports from its staff or consultants.

C. Agents: Chief Investment Officer, Actuaries, Consultants, and Advisors to the Board

1. Chief Investment Officer

(a) Duties of Chief Investment Officer

The Board will hire and oversee a Chief Investment Officer ("CIO") who will be generally responsible for the oversight of the investment of Funds' assets, and, as part of that overall responsibility, will:

- supervise, monitor, and evaluate the performance of the investment managers and other investment agents hired by the Board to assure compliance with investment policy and individual guidelines;

- recommend to the Board adjustments to the investment policy, including reviewing and modifying the asset allocation as conditions warrant;

- seek approval from the Board with respect to termination of managers and agents. If situations arise which require immediate action, the Board has delegated the authority to the CIO to prudently terminate managers and agents, with notification to the Board as soon as reasonably practicable;

- research current market conditions, evaluate new products, and seek out new approaches to improve portfolio return, reduce risk, and reduce costs and fees;

- work with the consultants, custodians, investment managers, and other agents in the performance of the assigned duties, with the exception of "opt-in" (class action claims), "opt-out" (securities litigation, including lead and co-lead) and non-securities-based ("antitrust") litigation;

- assist the Board with education and other efforts to promote good decision making;

- hire and manage investment staff/personnel, including investment advisors to staff;

* except in special circumstances, will not buy/sell/transact in specific securities; and

* coordinate with the Executive Director staff to implement investment actions/decisions and reporting needs.

(b) Allocation of New Net Contributions

The Chief Investment Officer shall allocate new net contributions to or withdraw net distributions from the Funds among investment managers in accordance with the targets and ranges established in the asset allocation. The Chief Investment Officer shall report to the Board regularly on the allocation of new net contributions or the withdrawal of net distributions.

(c) Tactical Asset Allocation and Rebalancing

The Chief Investment Officer may shift assets among managers provided the asset allocation is maintained within the stated ranges. When possible, net cash flows will be used to efficiently accommodate rebalancing and/or tactical asset shifts.

(d) Minimum Qualifications of Chief Investment Officer

The Chief Investment Officer shall at least: (a) have a graduate degree in finance, law, or business administration or (b) be a Chartered Financial Analyst; or (c) have three or more years of experience in the investment of trust assets.

2. Actuaries

The Board will hire an actuary. The actuary will provide studies that will assist in (1) determining the long-term obligations faced by the Funds through annual actuarial valuations and (2) setting the long-term expected investment return objectives or assumptions that will be sufficient to meet those obligations. The actuary will provide reviews of the actuarial valuation process at least once every four (4) years, including updating the projections and assumptions in light of considering the experience of the Funds. These studies will be considered in setting the expected investment return objective.

3. Investment Consultants

The Board will hire a qualified independent investment consultant, whose relationship does not impose a conflict of interest with the Board or staff, to provide investment performance measurement at least quarterly with the report available to the Board within two months of the quarter end. The report will at least compare actual investment returns of the Funds -- in total, by each asset class, and for each managed

portfolio -- with both the investment objectives of the Funds and a composite benchmark and peer group. Independent investment consultants may be hired to assist the Board in the management of its investment responsibilities, including, but not limited to: (1) performing asset liability studies and asset allocation reviews, and reviewing and recommending modifications to the asset allocation as conditions warrant; (2) assisting in monitoring the investment managers to assure they are in compliance with the investment policy and their individual guidelines; (3) performing manager evaluations and searches as may be necessary; and (4) assisting in the development and adjustment of investment policy. Except for consultants retained solely for purposes of performance measurement, consultants will be fiduciaries of the Funds.

D. Agents: Custodian and Investment Managers with Delegated Responsibilities

1. Custodian

(a) Responsibilities

Custodians and other custodian agents are fiduciaries of the Funds in their capacity as custodian and will assume full responsibility for the safekeeping and accounting of all assets held on behalf of the Funds. Among other duties, as may be agreed to, the custodian will be responsible for: (a) the receipt, delivery, transfer, exchange and safekeeping of securities; ((b) the claiming, receipt, and deposit of all dividend, interest, and other corporate actions; (c) the daily sweep of all uninvested funds into cash management account(s); and, (d) providing reports to PERSI including but not limited to, securities transactions, dividend declarations, securities holdings, and a valuation of those securities. Unless the Board provides otherwise, the custodian will also be responsible for monitoring class action litigation, filing and collecting claims on PERSI's behalf, and reporting to PERSI on such activities.

The Board provides that the Executive Director shall be responsible for the monitoring of class action litigation, filing and collecting claims on PERSI's behalf, including "opt-in" (class action claims), and recommending whether to "opt-out" (securities litigation) and/or to participate in non-securities-based ("antitrust") litigation activities and reporting to PERSI on such activities (please refer to PERSI Securities Litigation policy).

(b) Investment Vehicles

The Funds may be invested in suitable institutional investment vehicles, including but not limited to, collective investment trusts, separately managed accounts, mutual funds, and exchanged traded funds.

2. Investment Managers

The Board will hire investment managers who will be fiduciaries of the Funds and who will be responsible for the investment of the Funds in specific securities or assets within or among the asset classes.

(a) Minimum Qualifications

Investment managers shall be registered with the Securities and Exchange Commission (unless they are banks, insurance companies, or other category exempted from such registration requirements), have been in the business of investment management at least two years (or the main personnel of the investment management firm have worked together in the investment management business for at least two years), and usually have other United States pension fund assets under management.

(b) Guidelines

Investment managers shall manage assets in accordance with guidelines established by contract and as may be added to or modified from time to time. The guidelines will contain minimum diversification requirements that must be followed by that manager. These guidelines will also set out the investment return expected to be achieved by that manager and shall be linked to a benchmark that represents the passive index fund that would be used to replace the manager's assignment.

(c) Responsibilities and Discretion

Subject to the restrictions set out in this policy or as may be set out in individual contracts or guidelines, an investment manager shall have full discretionary power to direct the investment, exchange, and liquidation of the assets entrusted to that manager. The manager shall place orders to buy and sell securities and, by notice to the custodian, cause the custodian to deliver and receive securities on behalf of the Funds.

(d) Voting of Proxies

The Board, unless otherwise stated, will delegate the voting of proxies to the investment managers or custodian. Proxy voting is considered to be a component of the investment decision process, therefore, the investment managers are responsible for voting all proxies in a manner consistent with the best economic interest of the Funds for the exclusive benefit of the Funds, prudent and otherwise consistent with Idaho Code section 59-1301(2), the Idaho Uniform Prudent Investor Act (Title 68, Chapter 5, Idaho Code), and applicable Federal law.

(e) Transactions and Brokerage

All securities transactions shall be executed by reputable broker/dealers or banks and shall be on a best price and best execution basis.

(f) Monitoring Standards for Investment Managers

Passive managers are expected to provide the returns of the assigned benchmark, thus they will be evaluated based on their ability to generate performance that closely tracks their benchmark index.

Other relevant information may be considered in determining whether to retain or terminate managers.

V. Asset Class Policies

A. U.S. Equities

1. Objective

The overall objective of the U.S. equity or Broad Domestic Equity asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Russell 3000 Index, both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in equity securities outside of the Russell 3000 Index, Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio.

3. Benchmarks

The Russell 3000 index will be the benchmark for the passive index funds.

B. International Equities

1. Objective

The overall objective of the International Equity Asset Class is to obtain, over time, a return after fees that equals or exceeds the returns of the MSCI ACWI ex U.S. Index, both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in American Depository Receipts or American Depository Shares. Managers may invest in equity securities of companies or in countries that are not included in the indices. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Managers may, at their discretion, hedge the currency exposure of all or part of their

portfolios. Managers may not over hedge their portfolio, although proxy hedging for purposes of liquidity and cost savings is allowed.

3. Benchmarks

The MSCI All Country World ex U.S. Index (MSCI ACWI ex US), will be the benchmark for the passive index fund.

C. Fixed Income

1. Objectives

The overall objective of the Fixed Income asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Government/Credit Bond Index (Government/Credit Bond Index) both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in debt securities that do not pay interest. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Fixed income managers may, at their discretion and to the extent allowed by their contracts and guidelines, use currency forward or futures markets as may be considered appropriate to implement fixed income strategies.

3. Benchmarks

The Government/Credit Bond Index will be the benchmark for the passive index fund.

VI. Asset Allocation

The tables in Appendix I summarize the asset allocation of the Funds, including the target asset allocation and allowable ranges, and benchmarks.

ADOPTION: The Board of Trustees of the Public Employee Retirement System of Idaho (PERSI) adopts this Investment Policy Statement dated November 2026 which supersedes the Statement adopted April 2024. We hereby certify that this statement incorporates the full and current text of adopted policies and objectives and do hereby charge the staff, consultants, and investment managers to employ good judgment in exercising the intent expressed within this Statement.

Appendix I: Long Term Asset Allocations
(Effective October 23, 2020)

Equities	**Target**	**Range**	**Benchmark**
U.S.	39.3%	35% - 45%	Russell 3000
International	10.7%	5% - 15%	MSCI ACWI ex U.S. Index (unhedged)
Total Equity	50%	45% - 55%	
Fixed Income	50%	45% - 55%	Government/Credit Bond Index
Total Fund	100%		Composite Benchmark*

*Composite returns are the target weighted returns of the asset class benchmarks

Asset Class	Expected Return**	Expected Risk	Target	Ranges
Broad U.S. Equity	8.53%	18.12%	39.3%	35% - 45%
Global Ex U.S. Equity	9.09%	20.49%	10.7%	5% - 15%
Fixed Income	2.80%	3.75%	50.0%	45% - 55%
Cash Equivalents	2.25%	0.90%	0.0%	0% - 5%

** Expected arithmetic return. Source: Callan's Capital Market Assumptions (10 years 2020 – 2029)

PERSI

Public Employee Retirement System of Idaho

Investment Policy Statement

for the

Unused Sick Leave Funds

ADOPTED NOVEMBER XX, 2026

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The Board and its agents, including staff, consultants, and investment managers, will discharge their duties with respect to the Funds' assets solely in the best interest of the Funds, and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

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1. Considerations

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* the effect of particular investments on the total portfolio;
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B. Investment return and risk objectives

1. Investment Returns

(a) Actuarial Investment Return Assumptions

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The actuarial investment return assumption consists of an expected real return and an expected inflation assumption and considers relevant factors as determined by the actuary.

2. Investment Risk and Asset Allocation

(a) Diversification Among Asset Classes

In controlling the risk level that is appropriate for the Funds, assets will be diversified among various asset classes. The specific asset classes to be used will be set in conjunction with the asset allocation policy.

(b) Review of Asset Classes and Asset Allocation

The long-term allocation will focus on the goal that expected long-term returns of the Funds will meet the expected long-term obligations of the Funds with the appropriate level of risk sufficient to meet those objectives. Unless circumstances materially change, the long-term allocation will be reviewed at least once every five (5) years, at which time, appropriate asset classes for the investment of the Funds will be determined and asset allocation studies will be conducted to help determine the long-term allocations among desired asset classes so as to meet long-term return objectives with the appropriate level of risk. While historically the long-term allocation policy for the State and School Funds has been the same, this may or may not be the case in the future.

(c) Content of Asset Allocations

The asset allocation will set out the following:

* asset classes to included;
* long-term "normal" percentage of total assets to be invested in each asset class;
* ranges that will be considered allowable deviations from the normal allocation;
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functions to them. Where the Board does not delegate investment powers or duties, the Board will either satisfy itself that it is familiar with such matters or will retain persons who are familiar with such matters to consult or assist the Board in the exercise of those responsibilities. Where the Board delegates a responsibility, it will be delegated to a person who is familiar with such matters, and the Board will monitor and review the actions of those to whom responsibilities are delegated.

2. General Roles and Responsibilities of Board and Agents

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* making strategic decisions, primarily concerning asset allocation;

* adjusting the mix between passive and active managers depending on, among other considerations, near-term concerns regarding the U.S. and other capital markets;

* delegating and monitoring all other activities, including hiring and monitoring investment managers; and

* maintaining a reporting process that provides a clear picture of the status of the Funds on a reasonably concurrent basis to both the Board and PERSI's constituencies.

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* Determining the investment structure of the Funds;

* Determining the asset classes to be utilized;

* Setting the asset allocation;

- Hiring agents to implement the asset allocation; and

- Monitoring the investments of the Funds through periodic reports from its staff or consultants.

C. Agents: Chief Investment Officer, Actuaries, Consultants, and Advisors to the Board

1. Chief Investment Officer

(a) Duties of Chief Investment Officer

The Board will hire and oversee a Chief Investment Officer ("CIO") who will be generally responsible for the oversight of the investment of Funds' assets, and, as part of that overall responsibility, will:

- supervise, monitor, and evaluate the performance of the investment managers and other investment agents hired by the Board to assure compliance with investment policy and individual guidelines;

- recommend to the Board adjustments to the investment policy, including reviewing and modifying the asset allocation as conditions warrant;

- seek approval from the Board with respect to termination of managers and agents. If situations arise which require immediate action, the Board has delegated the authority to the CIO to prudently terminate managers and agents, with notification to the Board as soon as reasonably practicable;

- research current market conditions, evaluate new products, and seek out new approaches to improve portfolio return, reduce risk, and reduce costs and fees;

- work with the consultants, custodians, investment managers, and other agents in the performance of the assigned duties, with the exception of "opt-in" (class action claims), "opt-out" (securities litigation, including lead and co-lead) and non-securities-based ("antitrust") litigation;

- assist the Board with education and other efforts to promote good decision making;

- hire and manage investment staff/personnel, including investment advisors to staff;

* except in special circumstances, will not buy/sell/transact in specific securities; and

* coordinate with the Executive Director staff to implement investment actions/decisions and reporting needs.

(b) Allocation of New Net Contributions

The Chief Investment Officer shall allocate new net contributions to or withdraw net distributions from the Funds among investment managers in accordance with the targets and ranges established in the asset allocation. The Chief Investment Officer shall report to the Board regularly on the allocation of new net contributions or the withdrawal of net distributions.

(c) Tactical Asset Allocation and Rebalancing

The Chief Investment Officer may shift assets among managers provided the asset allocation is maintained within the stated ranges. When possible, net cash flows will be used to efficiently accommodate rebalancing and/or tactical asset shifts.

(d) Minimum Qualifications of Chief Investment Officer

The Chief Investment Officer shall at least: (a) have a graduate degree in finance, law, or business administration or (b) be a Chartered Financial Analyst; or (c) have three or more years of experience in the investment of trust assets.

2. Actuaries

The Board will hire an actuary. The actuary will provide studies that will assist in (1) determining the long-term obligations faced by the Funds through annual actuarial valuations and (2) setting the long-term expected investment return objectives or assumptions that will be sufficient to meet those obligations. The actuary will provide reviews of the actuarial valuation process at least once every four (4) years, including updating the projections and assumptions in light of considering the experience of the Funds. These studies will be considered in setting the expected investment return objective.

3. Investment Consultants

The Board will hire a qualified independent investment consultant, whose relationship does not impose a conflict of interest with the Board or staff, to provide investment performance measurement at least quarterly with the report available to the Board within two months of the quarter end. The report will at least compare actual investment returns of the Funds -- in total, by each asset class, and for each managed

portfolio -- with both the investment objectives of the Funds and a composite benchmark and peer group. Independent investment consultants may be hired to assist the Board in the management of its investment responsibilities, including, but not limited to: (1) performing asset liability studies and asset allocation reviews, and reviewing and recommending modifications to the asset allocation as conditions warrant; (2) assisting in monitoring the investment managers to assure they are in compliance with the investment policy and their individual guidelines; (3) performing manager evaluations and searches as may be necessary; and (4) assisting in the development and adjustment of investment policy. Except for consultants retained solely for purposes of performance measurement, consultants will be fiduciaries of the Funds.

D. Agents: Custodian and Investment Managers with Delegated Responsibilities

1. Custodian

(a) Responsibilities

Custodians and other custodian agents are fiduciaries of the Funds in their capacity as custodian and will assume full responsibility for the safekeeping and accounting of all assets held on behalf of the Funds. Among other duties, as may be agreed to, the custodian will be responsible for: (a) the receipt, delivery, transfer, exchange and safekeeping of securities; ((b) the claiming, receipt, and deposit of all dividend, interest, and other corporate actions; (c) the daily sweep of all uninvested funds into cash management account(s); and, (d) providing reports to PERSI including but not limited to, securities transactions, dividend declarations, securities holdings, and a valuation of those securities. Unless the Board provides otherwise, the custodian will also be responsible for monitoring class action litigation, filing and collecting claims on PERSI's behalf, and reporting to PERSI on such activities.

The Board provides that the Executive Director shall be responsible for the monitoring of class action litigation, filing and collecting claims on PERSI's behalf, including "opt-in" (class action claims), and recommending whether to "opt-out" (securities litigation) and/or to participate in non-securities-based ("antitrust") litigation activities and reporting to PERSI on such activities (please refer to PERSI Securities Litigation policy).

(b) Investment Vehicles

The Funds may be invested in suitable institutional investment vehicles, including but not limited to, collective investment trusts, separately managed accounts, mutual funds, and exchanged traded funds.

2. Investment Managers

The Board will hire investment managers who will be fiduciaries of the Funds and who will be responsible for the investment of the Funds in specific securities or assets within or among the asset classes.

(a) Minimum Qualifications

Investment managers shall be registered with the Securities and Exchange Commission (unless they are banks, insurance companies, or other category exempted from such registration requirements), have been in the business of investment management at least two years (or the main personnel of the investment management firm have worked together in the investment management business for at least two years), and usually have other United States pension fund assets under management.

(b) Guidelines

Investment managers shall manage assets in accordance with guidelines established by contract and as may be added to or modified from time to time. The guidelines will contain minimum diversification requirements that must be followed by that manager. These guidelines will also set out the investment return expected to be achieved by that manager and shall be linked to a benchmark that represents the passive index fund that would be used to replace the manager's assignment.

(c) Responsibilities and Discretion

Subject to the restrictions set out in this policy or as may be set out in individual contracts or guidelines, an investment manager shall have full discretionary power to direct the investment, exchange, and liquidation of the assets entrusted to that manager. The manager shall place orders to buy and sell securities and, by notice to the custodian, cause the custodian to deliver and receive securities on behalf of the Funds.

(d) Voting of Proxies

The Board, unless otherwise stated, will delegate the voting of proxies to the investment managers or custodian. Proxy voting is considered to be a component of the investment decision process, therefore, the investment managers are responsible for voting all proxies in a manner consistent with the best economic interest of the Funds for the exclusive benefit of the Funds, prudent and otherwise consistent with Idaho Code section 59-1301(2), the Idaho Uniform Prudent Investor Act (Title 68, Chapter 5, Idaho Code), and applicable Federal law.

(e) Transactions and Brokerage

All securities transactions shall be executed by reputable broker/dealers or banks and shall be on a best price and best execution basis.

(f) Monitoring Standards for Investment Managers

Passive managers are expected to provide the returns of the assigned benchmark, thus they will be evaluated based on their ability to generate performance that closely tracks their benchmark index.

Other relevant information may be considered in determining whether to retain or terminate managers.

V. Asset Class Policies

A. U.S. Equities

1. Objective

The overall objective of the U.S. equity or Broad Domestic Equity asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Russell 3000 Index, both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in equity securities outside of the Russell 3000 Index, Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio.

3. Benchmarks

The Russell 3000 index will be the benchmark for the passive index funds.

B. International Equities

1. Objective

The overall objective of the International Equity Asset Class is to obtain, over time, a return after fees that equals or exceeds the returns of the MSCI ACWI ex U.S. Index, both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in stocks that do not pay dividends. Managers may invest in American Depository Receipts or American Depository Shares. Managers may invest in equity securities of companies or in countries that are not included in the indices. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Managers may, at their discretion, hedge the currency exposure of all or part of their

portfolios. Managers may not over hedge their portfolio, although proxy hedging for purposes of liquidity and cost savings is allowed.

3. Benchmarks

The MSCI All Country World ex U.S. Index (MSCI ACWI ex US), will be the benchmark for the passive index fund.

C. Fixed Income

1. Objectives

The overall objective of the Fixed Income asset class is to obtain, over time, a return after fees that equals or exceeds the returns of the Bloomberg Government/Credit Bond Index (Government/Credit Bond Index) both absolutely and on a risk-adjusted basis.

2. Allowable Investments

Managers may invest in debt securities that do not pay interest. Managers may use derivative securities for purposes of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure in the portfolio. Fixed income managers may, at their discretion and to the extent allowed by their contracts and guidelines, use currency forward or futures markets as may be considered appropriate to implement fixed income strategies.

3. Benchmarks

The Government/Credit Bond Index will be the benchmark for the passive index fund.

VI. Asset Allocation

The tables in Appendix I summarize the asset allocation of the Funds, including the target asset allocation and allowable ranges, and benchmarks.

ADOPTION: The Board of Trustees of the Public Employee Retirement System of Idaho (PERSI) adopts this Investment Policy Statement dated November 2026 which supersedes the Statement adopted April 2024. We hereby certify that this statement incorporates the full and current text of adopted policies and objectives and do hereby charge the staff, consultants, and investment managers to employ good judgment in exercising the intent expressed within this Statement.

Appendix I: Long Term Asset Allocations
(Effective October 23, 2020)

Equities	**Target**	**Range**	**Benchmark**
U.S.	39.3%	35% - 45%	Russell 3000
International	10.7%	5% - 15%	MSCI ACWI ex U.S. Index (unhedged)
Total Equity	50%	45% - 55%	
Fixed Income	50%	45% - 55%	Government/Credit Bond Index
Total Fund	100%		Composite Benchmark*

*Composite returns are the target weighted returns of the asset class benchmarks

Asset Class	Expected Return**	Expected Risk	Target	Ranges
Broad U.S. Equity	8.53%	18.12%	39.3%	35% - 45%
Global Ex U.S. Equity	9.09%	20.49%	10.7%	5% - 15%
Fixed Income	2.80%	3.75%	50.0%	45% - 55%
Cash Equivalents	2.25%	0.90%	0.0%	0% - 5%

** Expected arithmetic return. Source: Callan's Capital Market Assumptions (10 years 2020 – 2029)

PERSI
Public Employee Retirement System of Idaho

November 2, 2026

TO: Retirement Board Trustees
FROM: Mike Hampton, Director
SUBJECT: 2026 Actuarial Valuation Adoption

Summary:

Before the Board is the final FY 2026 actuarial valuations prepared by Milliman for the PERSI Base Plan, State and School Sick Leave Plans, Idaho Judges Retirement Plan, and the Firefighters Retirement Fund.

Key Discussion:

- PERSI Base Plan experienced actuarial gains above expected assumptions, improving funded ratio to 95.1% and lowering amortization period to 5.5 years, primarily due to strong investment earnings above assumed rate of return in FY 2026.
- State Sick Leave Plan experienced actuarial gains, improving funded ratio to 325.2%, due to implementation of experience study adjustments to assumptions which lowered actuarial accrued liability and strong investment earnings above assumed rate of return in FY 2026.
- School Sick Leave Plan experienced actuarial gains, improving funded ratio to 143.8%, due to implementation of experience study adjustments to assumptions which lowered actuarial accrued liability and strong investment earnings above assumed rate of return in FY 2026.
- JRF Plan experienced actuarial gains above expected assumptions, improving funded ratio to 95.6% and lowering amortization period to 2.8 years, primarily due to strong investment earnings above assumed rate of return in FY 2026.
- FRF Plan experienced actuarial losses due to higher than expected PAA's, which were offset by strong investment earnings above assumed rate of return in FY 2026. The net effect improved funded ratio to 225.0%.

Action:

*Staff requests that the Board adopt FY 2026 valuations for the PERSI Base Plan, State and School Sick Leave Plans, Idaho Judges Retirement Plan (JRF), and Firefighters Retirement Fund (FRF), as presented by Milliman.

Public Employee Retirement System of Idaho

July 1, 2026, Actuarial Valuation

Robert Schmidt, FSA, EA, MAAA
Ryan Falls, FSA, EA, MAAA
Ryan Cook, FSA, EA, MAAA

13 OCTOBER 2026

Milliman

Valuation Results for Discussion

- PERSI Base Plan
- Sick Leave Plans
- Idaho Judges Retirement Fund (JRF)
- Firefighters Retirement Fund (FRF)

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PERSI Base Plan Valuation

Membership Summary

PERSI

	2026	2025
Contributing Active Members	78,885	78,746
Receiving Benefits	58,895	57,473
Vested Terminated Members	17,292	16,875
Non-vested Terminated Members	43,677	41,180
Total Members	198,749	192,274

	Active Members – by Class			
	2026		2025	
	Counts	Total Salary ($Thousands)	Counts	Total Salary ($Thousands)
Fire and Police	9,486	$849,312	9,457	$810,905
General	47,635	2,579,756	47,546	2,469,265
Teachers	21,764	1,533,144	21,743	1,471,323
Total Active Members	78,885	$4,962,212	78,746	$4,751,493

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Assumptions

PERSI

Economic – Based on 2025 PERSI experience study

- 6.50% Investment Earnings (net of all expenses)
- 3.15% Wage Inflation
- 1.00% PAA

Demographic – Based on 2025 PERSI experience study

- Individual Pay Increases
- Retirement
- Termination
- Disability
- Mortality (Life Expectancy)

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PERSI

Valuation Results

All figures in $ millions	Actuarial Accrued Liability	Market Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amort. Period (years)
July 1, 2025, Valuation	$ 26,645.4	$ 24,138.9	$ 2,506.5	90.6%	8.2
1.70% Retro-PAA	164.1	-	164.1		
Board Approval of Contribution Rate Changes[1]	44.5	-	44.5		
July 1, 2025, Results Incorporating the Changes Noted Above	$ 26,854.0	$ 24,138.9	$ 2,715.1	89.9%	12.1
Expected Change Between Valuation Dates	1,127.1	1,190.2	(63.1)		
Expected at July 1, 2026	$ 27,981.1	$ 25,329.1	$ 2,652.0	90.5%	11.1
Investment[2] [Gain]	-	1,394.8	(1,394.8)		
Salaries [Loss]	45.2	(8.6)	53.8		
Membership Growth [Loss]	12.0	7.2	4.8		
Benefit Payments Lower than Expected	14.6	14.6	-		
Retired Member Experience [Loss]	60.3	-	60.3		
Active and Inactive Experience [Loss]	6.5	-	6.5		
Total Experience Gains and Losses	138.6	1,408.0	(1,269.4)		
Assumption Changes [LoD assumptions]	(0.4)	-	(0.4)		
Plan Change [LoD Death Enhancements]	4.1	-	4.1		
July 1, 2026, Valuation Results	$ 28,123.4	$ 26,737.1	$ 1,386.3	95.1%	5.5

[1] The Board cancelled the 2.50% contribution rate previously scheduled for July 1, 2027.

[2] The yield, net of all expenses was 12.33% for the year ending June 30, 2026, which is compared with the actuarial assumption of 6.50%.

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PERSI Actuarial Gains and Losses History

PERSI

Gain/(Loss) Source	2025 – 2026	2024 – 2025	2023 – 2024	2022 – 2023	2021 – 2022
Investment Income	$1,394.8	$976.2	$520.5	$539.3	($3,435.4)
Pay Increases	(53.8)	(58.3)	(157.4)	(206.9)	(151.8)
Membership Growth	(4.8)	(3.3)	(0.7)	(1.3)	5.4
Automatic PAA	0.0	0.0	0.0	0.0	0.0
Other Retired Member Experience	(60.3)	(21.9)	(31.7)	(10.7)	(205.6)[1]
Other Active and Inactive Member Experience	(6.5)	(31.1)	30.1	(207.2)	(55.1)
Total Gain (Loss) During the Period from Actuarial Experience	1,269.4	861.6	360.8	113.2	(3,842.5)
Expected Changes	63.1	(48.1)	(131.8)	(132.4)	89.7
Non-Recurring Items					
Changes in actuarial assumptions	0.4	556.1	None	None	None
Changes in actuarial methods	None	None	None	None	None
Changes in plan provisions[2]	(168.2)	(38.8)	None	(22.9)	(275.4)
Changes in future contribution rates[3]	(44.5)	(47.6)	0.4	100.2	None
Total Decrease (Increase) in UAAL	**$1,120.2**	**$1,283.2**	**$229.4**	**$58.1**	**($4,028.2)**

All figures in $ millions

Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the unfunded actuarial accrued liability.

1. 2021-2022 loss includes re-addition of some retired members that were previously omitted from retired member data supplied by PERSI.
2. For 2021-22, this reflects the 2.50% discretionary PAA, effective March 1, 2022. For 2022-23, this reflects the Return to Work provision. For 2024-25, this reflects the 0.30% retro-PAA, effective March 1, 2025. For 2025-26, this reflects the 1.70% retro-PAA, effective March 1, 2026, and the line of duty death benefit enhancement.
3. For 2022-23, this reflects the October 2022 Board decision to adopt a 1.25% contribution rate increase effective July 1, 2024, an additional 2.50% increase effective July 1, 2025, and an additional 3.75% rate increase effective July 1, 2026. For 2023-24, this reflects the September 2023 Board decision to, as a response to the new return to work law for safety members, implement a temporary 1.14% increase in Safety contribution rates for July 1, 2024, to June 30, 2027. For 2024-25, this reflects the Board decisions to delay the 2.50% contribution rate increase previously scheduled for July 1, 2025, to July 1, 2027, delay and reduce the 3.75% contribution rate increase scheduled for July 1, 2026, to a 1.25% increase scheduled for July 1, 2028, and to end, effective April 1, 2025, the temporary 1.14% Safety contribution rate for the 2023 return to work law (previously scheduled to end July 1, 2027). For 2025-26, this reflects the Board decision to cancel the 2.50% contribution rate increase previously scheduled for July 1, 2027.

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PERSI

Current Contribution Rates

July 1, 2026	Fire and Police	General	Teachers	Combined Mix
Employer Contribution Rate	13.98%	11.96%	13.48%	12.78%
Member Contribution Rate	10.36%	7.18%	8.08%	8.01%
Total Contribution Rate	**24.34%**	**19.14%**	**21.56%**	**20.79%**
Normal Cost Rate	19.87%	14.50%	17.13%	16.25%
Amount Available to Amortize UAAL	4.47%	4.64%	4.43%	4.54%

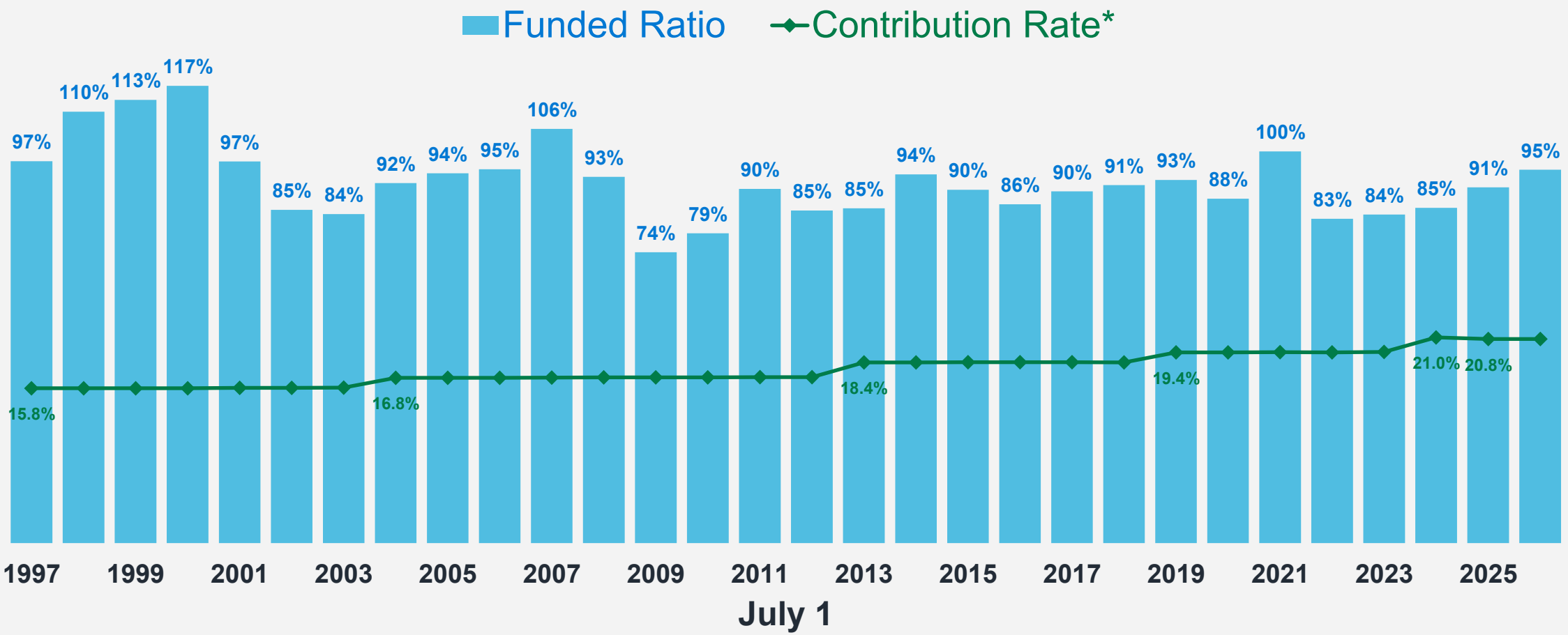
The following rate changes are currently scheduled:

- The safety employer contribution rate and members contribution rate adjusted from 13.98% and 10.36% to 13.97% and 10.37%, respectively, effective July 1, 2027
- 1.25% rate increase effective July 1, 2028

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Historical Funded Ratios

PERSI



* Shows total aggregate contribution rate; i.e., the weighted average of the General, Teacher, and Safety employer plus member rates.

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2027 Look Ahead

PERSI

Assuming no changes in scheduled contribution rates, discretionary PAAs, or gainsharing.

All figures in $ millions	Actuarial Accrued Liability	Market Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amort. Period (years)
July 1, 2026, Valuation Results	$ 28,123.4	$ 26,737.1	$ 1,386.3	95.1%	5.5
Expected Change Between Valuation Dates	1,170.1	1,328.9	(158.8)		
Expected at July 1, 2027	$ 29,293.5	$ 28,066.0	$ 1,227.5	95.8%	4.5

Investment return of -8.7% or lower in FY27 raises amortization period above 25 years at 7/1/2027

12% probability of this happening, based on current asset allocation and market assumptions

Values on this slide assume no future liability gains or losses.

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Sick Leave Valuation

Sick Leave

Membership Summary

State Program	2026	2025
Active Members	22,403	22,587
Receiving Benefits	7,607	7,312
Vested Terminated Members	0	0
Non-vested Terminated Members	0	0
Total Members	30,010	29,899

Schools Program	2026	2025
Active Members	36,322	36,306
Receiving Benefits	8,683	8,441
Vested Terminated Members	0	0
Non-vested Terminated Members	0	0
Total Members	45,005	44,747

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Assumptions

Economic

- 5.60% Investment Earnings (net of all expenses) – adopted July 1, 2026
- 3.15% Wage Inflation – Based on 2025 PERSI Experience Study

Demographic – Based on 2026 Sick Leave Experience Study & 2025 PERSI Experience Study

- Sick Leave Balance Accumulation
- Individual Pay Increases
- Retirement
- Termination
- Disability
- Mortality (Life Expectancy)
- Forfeitures
- Payout Period

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Sick Leave

Valuation Results

State Program

	Actuarial Accrued Liability (in millions)	Market Value of Assets (in millions)	Unfunded Actuarial Accrued Liability (in millions)	Funded Ratio
July 1, 2025, Valuation Results	$ 132.4	$ 309.9	$ (177.5)	234.1%
Expected Changes Between Valuation Dates	4.2	7.3	(3.1)	
Expected at July 1, 2026	$ 136.6	$ 317.2	$ (180.6)	232.2%
Investments [Gain][(1)]	-	24.4	(24.4)	
Salaries [Loss]	0.7	-	0.7	
Membership Growth [Loss]	1.7	-	1.7	
Benefit Payments Lower than Expected	3.8	3.8	-	
Retired Member Experience [Gain]	(0.7)	-	(0.7)	
Active and Inactive Member Experience [Gain]	(8.5)	-	(8.5)	
Total Experience Gains and Losses	(3.0)	28.2	(31.2)	
Assumption Changes [Experience Study]	(27.4)	-	(27.4)	
July 1, 2026, Valuation Results	$ 106.2	$ 345.4	$ (239.2)	325.2%

Schools Program

	Actuarial Accrued Liability (in millions)	Market Value of Assets (in millions)	Unfunded Actuarial Accrued Liability (in millions)	Funded Ratio
July 1, 2025, Valuation Results	$ 341.3	$ 429.9	$ (88.6)	126.0%
Expected Changes Between Valuation Dates	13.7	2.9	10.8	
Expected at July 1, 2026	$ 355.0	$ 432.8	$ (77.8)	121.9%
Investments [Gain] [(1)]	-	33.5	(33.5)	
Salaries [Loss]	0.1	-	0.1	
Membership Growth [Loss]	4.3	-	4.3	
Benefit Payments Lower than Expected	4.8	4.8	-	
Retired Member Experience [Gain]	(5.8)	-	(5.8)	
Active and Inactive Member Experience [Gain]	(15.8)	-	(15.8)	
Total Experience Gains and Losses	(12.4)	38.3	(50.7)	
Assumption Changes [Experience Study]	(15.1)	-	(15.1)	
July 1, 2026, Valuation Results	$ 327.5	$ 471.1	$ (143.6)	143.8%

[1] The yield, net of all expenses was 13.36% for the State Program and 13.35% for the Schools Program For the year ending June 30, 2026, which is compared with the actuarial assumption of 5.40%.

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Sick Leave

Employer Contribution Rates

	Present – 6/30/2028	7/1/2028 – 6/30/2031	After 6/30/2031
State	0.00%	0.00%	0.28%(1)
Schools			
• 9-10 days of paid sick leave per year	0.00%	0.70%(2)	0.70%
• 11-14 days of paid sick leave per year	0.00%	0.76%(2)	0.76%

[1] Per the Board decision in 2021, there are no contributions being charged of state employers through June 30, 2031. The contribution rate is scheduled to revert to the normal cost rate after this date.

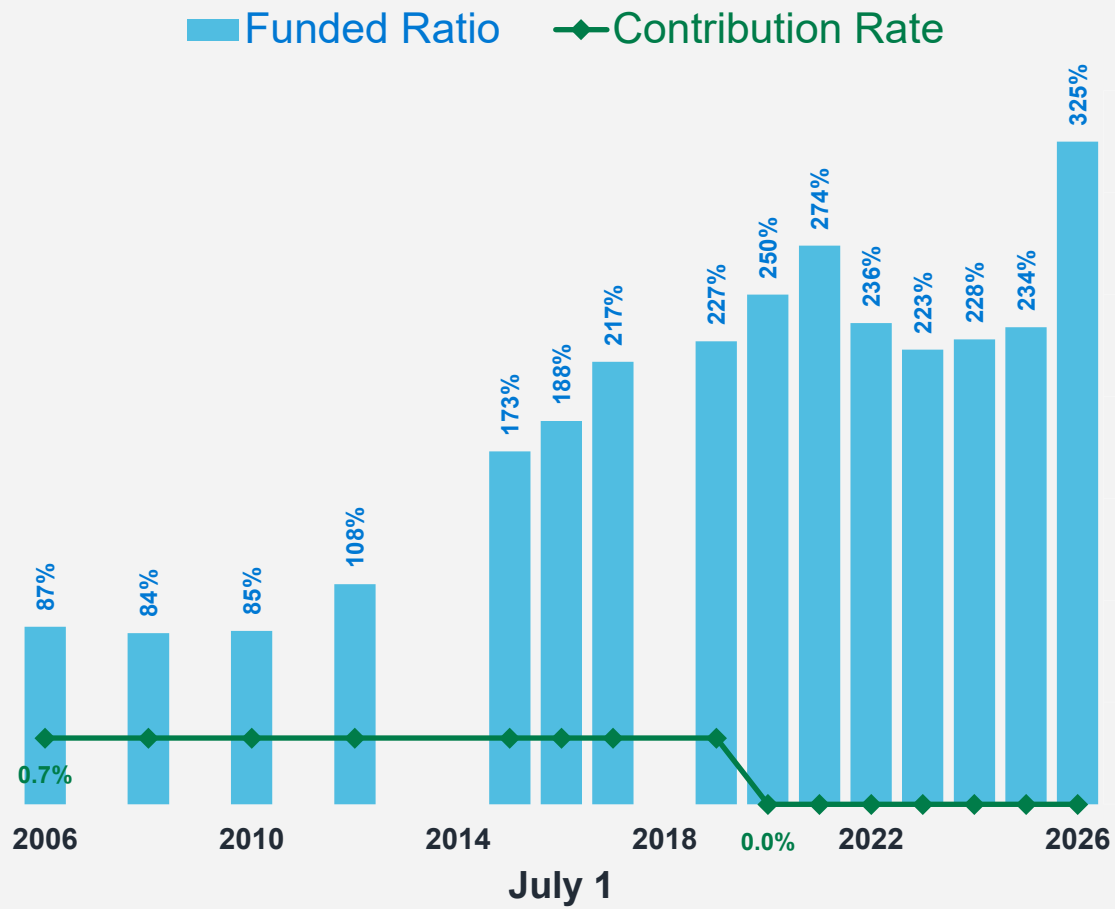
[2] Per the Board decision in 2026, there are no contribution being charged of schools employers through June 30, 2028. The contribution rate is scheduled to revert to the normal cost rate after this date. The rates shown here for schools granting 9-10 days of paid sick leave per year and those that grant 11-14 days assume that the contribution rates for the two groups of schools employers will remain at the same proportion as were being charged prior to January 1, 2020.

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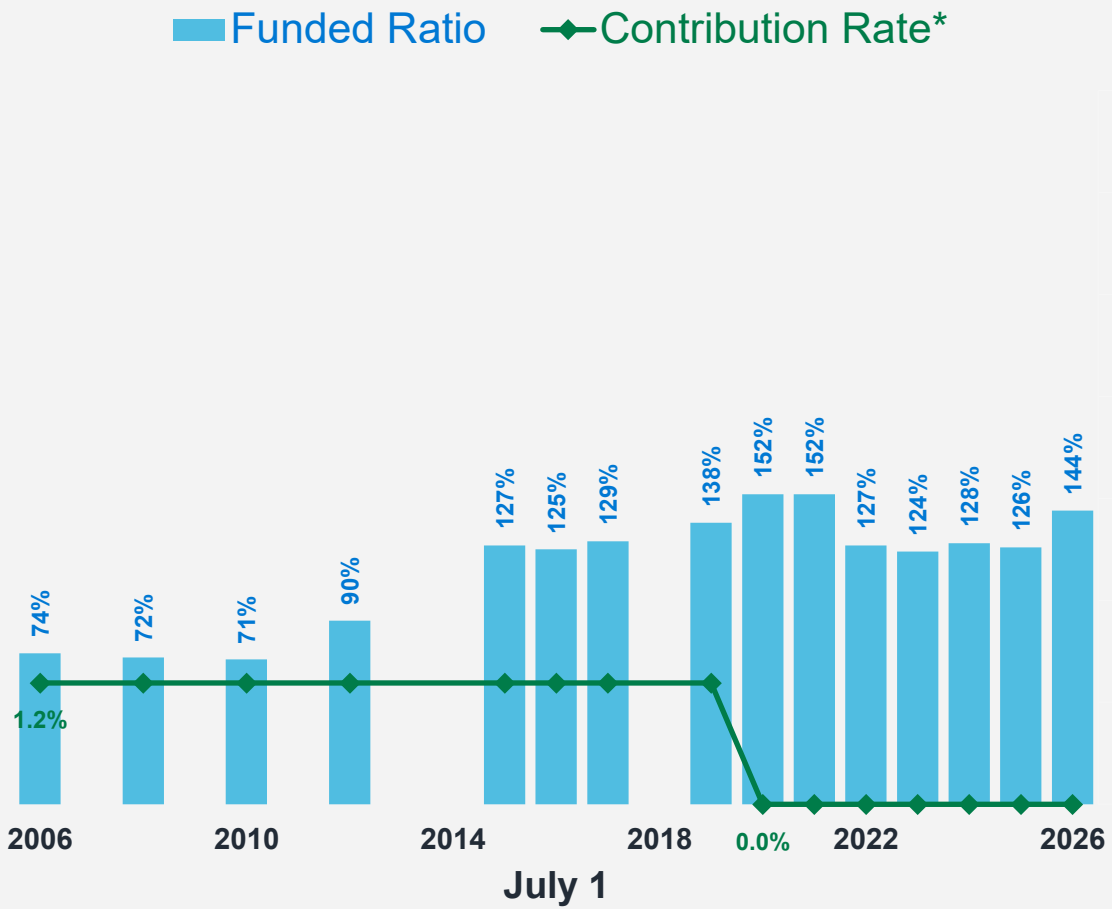
Sick Leave

Historical Funded Ratios

State Program



Schools Program



* The Schools Program contribution rate varies depending on the number of annual sick leave days granted by the employer. The rate shown here is the average contribution rates charged to schools employers.

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Sick Leave

2027 Look Ahead

State Program

All figures in $ millions	Actuarial Accrued Liability	Market Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
July 1, 2026, Valuation Results	$ 106.2	$ 345.4	$ (239.2)	325.2%
Expected Change Between Valuation Dates	3.7	12.4	(8.7)	
Expected at July 1, 2027	$ 109.9	$ 357.8	$ (247.9)	325.6%

Investment return of -67.1% or lower in FY27 lowers the funded ratio below 100% at 7/1/2027

<1% probability of this happening, based on current asset allocation and market assumptions

Schools Program

All figures in $ millions	Actuarial Accrued Liability	Market Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
July 1, 2026, Valuation Results	$ 327.5	$ 471.1	$ (143.6)	143.8%
Expected Change Between Valuation Dates	17.3	9.9	7.4	
Expected at July 1, 2027	$ 344.8	$ 481.0	$ (136.2)	139.5%

Investment return of -23.9% or lower in FY27 lowers the funded ratio below 100% at 7/1/2027

<1% probability of this happening, based on current asset allocation and market assumptions

Note that without contributions, the Schools Program's funded ratio is expected to decrease over time.

Values on this slide assume no future liability gains or losses.

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JRF Valuation

Membership Summary

JRF

	2026	2025
Active Members	51	49
Receiving Benefits	119	118
Vested Terminated Members	2	2
Non-vested Terminated Members	0	0
Total Members	172	169

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Assumptions

JRF

Economic – Based on 2025 PERSI experience study

- 6.50% Investment Earnings (net of all expenses)
- 3.15% Wage Inflation
- Postretirement benefit increases
  - 3.15% for judges whose postretirement benefit increases are based on current judge salaries
  - 1.00% for judges whose postretirement benefit increases are based on the PERSI Postretirement Allowance Adjustment (PAA)

Demographic – Based on 2024 JRF experience study

- Retirement
- Election to Become Senior Judge
- Mortality (Life Expectancy)
- Percent Married and Payment Form Election
- Spouse Age Difference

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Valuation Results

JRF

	Actuarial Accrued Liability (in millions)	Market Value of Assets (in millions)	Unfunded Actuarial Accrued Liability (in millions)	Funded Ratio	Amort. Period (years)
July 1, 2025, Valuation Results	$ 145.5	$ 127.5	$ 18.0	87.6%	9.2
Expected Change Between Valuation Dates	3.1	4.3	(1.2)		
Expected at July 1, 2026	$ 148.6	$ 131.8	$ 16.8	88.7%	8.2
Investment [Gain][1]	-	7.3	(7.3)		
Salaries [Gain][2]	(3.5)	1.4	(4.9)		
Membership Growth [Gain]	(0.1)	0.1	(0.2)		
Benefit Payments Lower than Expected	-	-	-		
Retired Member Experience [Loss]	0.7	-	0.7		
Active and Inactive Experience [Loss]	1.4	-	1.4		
Total Experience Gains and Losses	(1.5)	8.8	(10.3)		
July 1, 2026, Valuation Results	$ 147.1	$ 140.6	$ 6.5	95.6%	2.8

[1] The yield, net of all expenses was 12.35% for the year ending June 30, 2026, which is compared with the actuarial assumption of 6.50%.

[2] This includes the effect of retired members' postretirement benefit increases that are dictated by salary changes.

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Contribution Rates

JRF

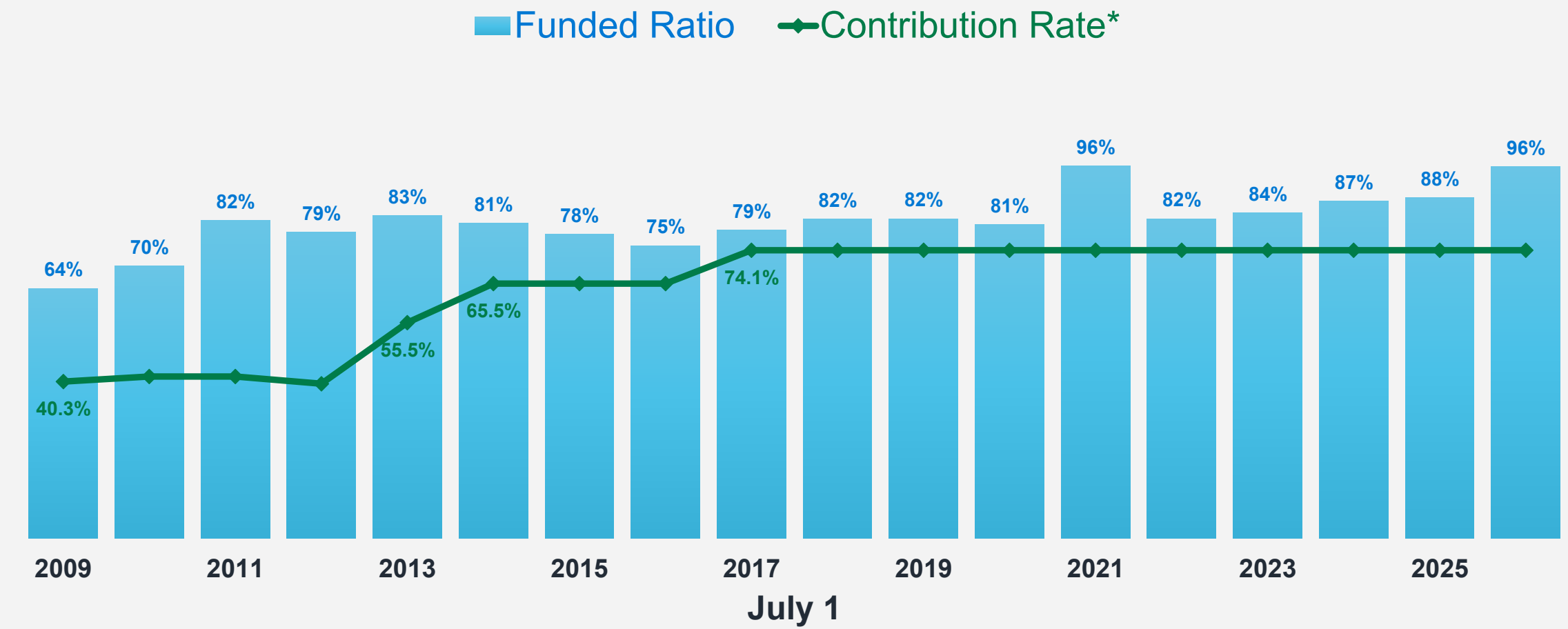
Results as of July 1, 2026	Current Contribution Rates as a Percent of Pay	Statutory Minimum Contribution Rates
Employer Contribution Rate	62.53%	40.46%
Member Contribution Rate	11.57%	7.49%
Total Contribution Rate	**74.10%**	**47.95%**
Effective Contribution Rates		
Employer Contribution Rate	62.53%	40.46%
Adjusted Member Contribution Rate*	11.32%	7.33%
Adjusted Total Contribution Rate	73.85%	47.79%
Normal Cost Rate	46.41%	46.41%
Amount Available to Amortize UAAL	27.44%	1.38%

* Members with 20 or more years of service don't pay contributions. This adjustment is to account for that reduced amount of member contributions coming into the trust.

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Historical Funded Ratios

JRF



* Shows total contribution rate; employer plus member rates (plus court fees contributed to the fund prior to 7/1/2014).

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2027 Look Ahead

JRF

All figures in $ millions	Actuarial Accrued Liability	Market Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amort. Period (years)
July 1, 2026, Valuation Results	$ 147.1	$ 140.6	$ 6.5	95.6%	2.8
Expected Change Between Valuation Dates	3.0	5.1	(2.1)		
Expected at July 1, 2027	$ 150.1	$ 145.7	$ 4.4	97.1%	1.8

Investment return of -21.2% or lower in FY27 raises amortization period above 25 years at 7/1/2027

2% probability of this happening, based on current asset allocation and market assumptions

Values on this slide assume no future liability gains or losses.

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FRF Valuation

Membership Summary

FRF

	2026	2025
Active Members	0	0
Receiving Benefits	402	409
Vested Terminated Members	0	0
Non-vested Terminated Members	0	0
Total Members	402	409

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Assumptions

FRF

Economic – Based on 2025 PERSI experience study

- 6.50% Investment Earnings (net of all expenses)
- 3.15% FRF Cost of Living Adjustment (COLA)
- 1.00% PERSI PAA

Demographic – Based on 2025 PERSI experience study

- Mortality (Life Expectancy)

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Valuation Results

	Actuarial Accrued Liability (in millions)	Actuarial Value of Assets[1] (in millions)	Unfunded Actuarial Accrued Liability (in millions)	Funded Ratio
July 1, 2025, Valuation Results	$ 230.5	$ 507.4	$ (276.9)	220.1%
Expected Changes Between Valuation Dates	(6.1)	24.9	(31.0)	
Expected at July 1, 2026	$ 224.4	$ 532.3	$ (307.9)	237.2%
Investments[2][3] [Gain]	-	7.6	(7.6)	
Benefit Payments Higher than Expected	(0.7)	(0.7)	-	
Fire Insurance Premium Tax Higher than Expected [Gain]	-	0.7	(0.7)	
Different PAA/COLA than Expected [Loss]	12.0	-	12.0	
Retired Member Experience [Loss]	4.3	-	4.3	
Total Experience Gains and Losses	15.6	7.6	8.0	
July 1, 2026, Valuation Results	$ 240.0	$ 539.9	$ (299.9)	225.0%

[1] In September 2014, FRF funding policy was altered to implement 3-year smoothing to calculate the actuarial value of assets.

[2] The investment gain for fiscal year 2026 was $22.9 million; however only one third, $7.6 million, of that is recognized as of July 1, 2026, due to the 3-year smoothing.

[3] The yield, net of all expenses was 10.98% for the year ending June 30, 2026, which is compared with the actuarial assumption of 6.50%.

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Sources of Funding

	Contribution Rate	FY 2026 Contribution
Current Employer Contributions	0.00%	$0.0 m
Fire Insurance Premium Tax		
• 50% guaranteed	5.14%(1)	5.4 m
• 50% available as match to employer contributions	0.00%	0.0 m
Total	5.14%	$5.4 m

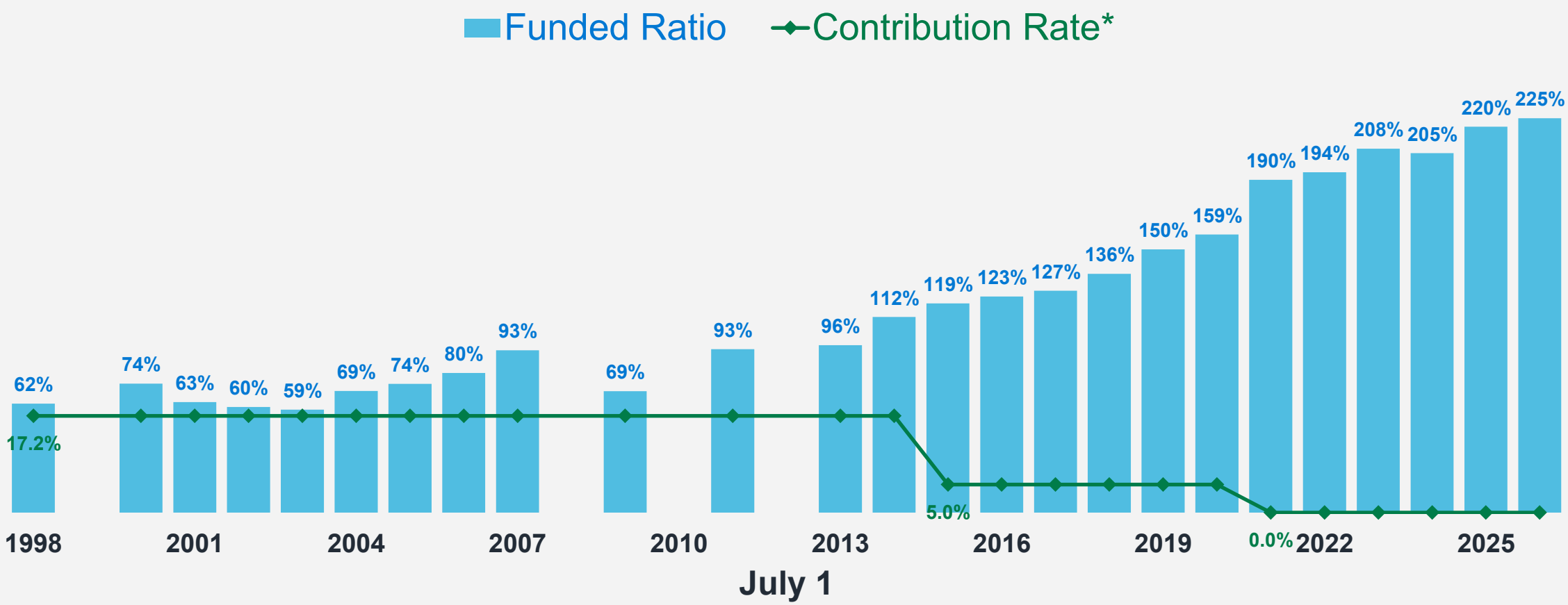
[1] Fire Insurance Premium Tax (FIPT) is not calculated as a percentage of payroll. We are only displaying it as such to make it easier to compare to the other sources of funding.

Note that firefighters hired before 10/1/1980 would have non-zero employer and member contribution rates, but there are no members remaining in this group.

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Historical Funded Ratios

FRF



* Only shows additional FRF contribution charged to employers of Class D members (firefighters hired after 9/30/1980). Member and employer contributions on Class A and B members (firefighters hired prior to 10/1/1980) and Fire Insurance Premium Tax contributions are not included in this graph.

Note that effective with the July 1, 2015 valuation, FRF's funded ratio switched from being measured on a market value basis, to incorporating a 3-year smoothing of investment gains and losses.

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2027 Look Ahead

FRF

All figures in $ millions	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
July 1, 2026, Valuation Results	$ 240.0	$ 539.9	$ (299.9)	225.0%
Expected Change Between Valuation Dates	(7.1)	34.2	(41.3)	
Expected at July 1, 2027	$ 232.9	$574.1	$ (341.2)	246.5%

On a market value basis, the funded ratio for FRF is expected to increase from 234.3% at July 1, 2026, to 249.8% at July 1, 2027.

Investment return of -56.7% or lower in FY27 lowers the market value of assets below the liabilities at 7/1/2027

<1% probability of this happening, based on current asset allocation and market assumptions

Values on this slide assume no future liability gains or losses.

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Questions?

Certification

See our July 1, 2026, actuarial valuation reports dated October 7, 2026, for a description of the data, assumptions, methods, and plan provisions used in this report.

See the Risk Disclosure sections of those reports for a summary of risks relevant to these plans.

Actuarial computations presented in this report are for the purposes of determining the recommended funding amounts for the System. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding policy. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial assumptions, including investment return assumption, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Retirement Board. That entity is responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The System is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the System and are expected to have no significant bias.

This valuation report is only an estimate of the System's financial condition as of a single date. It can neither predict the System's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of System benefits, only the timing of System contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Certification (continued)

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the selection of the assumptions and actuarial cost methods, and the Board has adopted them as indicated in Appendix A of our 2026 Valuation Reports.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Milliman's work is prepared solely for the use and benefit of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

(a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.

(b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

Certification (continued)

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

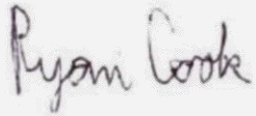
On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.



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Principal and Consulting Actuary



Ryan Falls, FSA, EA, MAAA
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Thank you

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Appendix: Normal Cost Rate

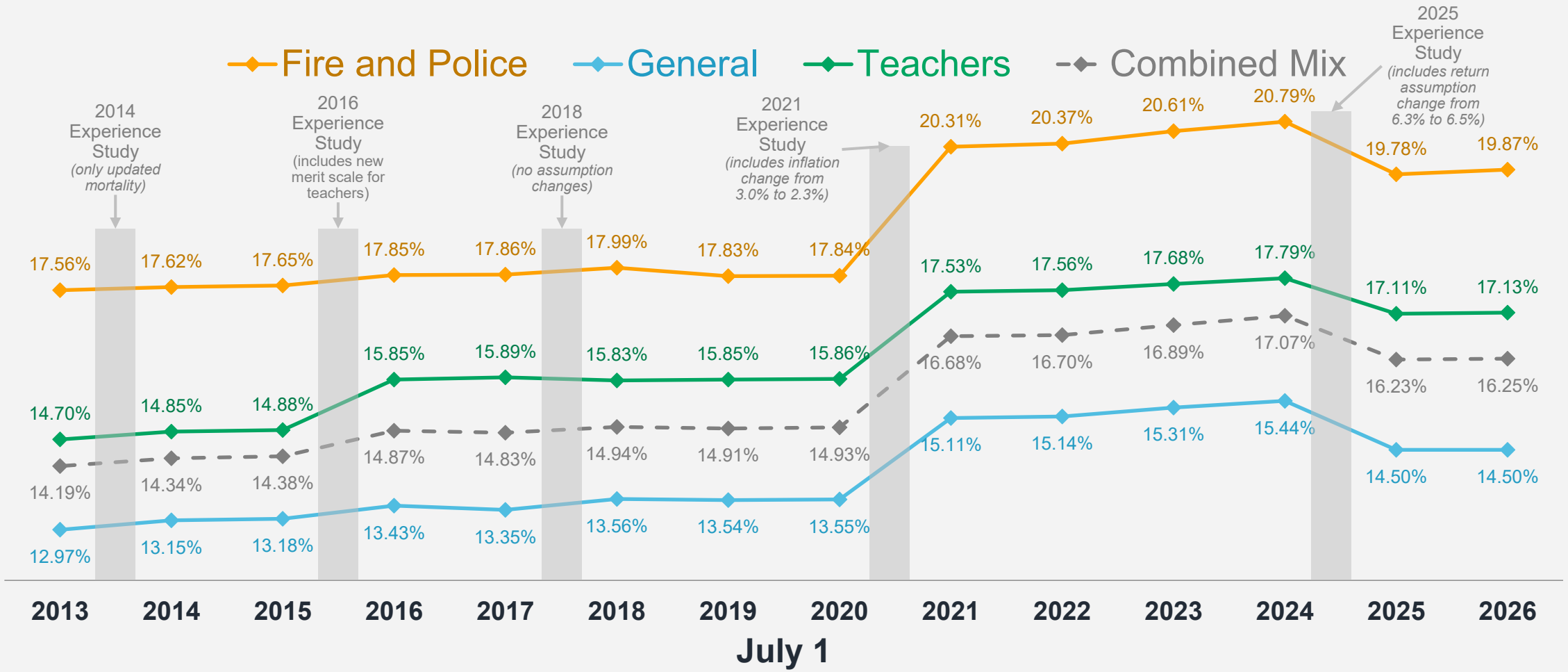
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Normal Cost Rate = Level % of pay that will fund a member's benefit if paid over their entire career. (Based on 6.50% net investment returns, and all other assumptions)

Base Plan's Normal Cost Rate = 16.25% of pay. (Rate from 2025 Valuation was 16.23%)

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Appendix: Normal Cost Rate History



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Appendix: Unfunded Actuarial Accrued Liability

PERSI

Actuarial Accrued Liability = all past Normal Costs for current plan members added together

- This is the target level of assets IF all future experience = Actuarial Assumptions
- No provision for adverse experience

Unfunded Actuarial Accrued Liability = Actuarial Accrued Liability - Assets

	2026	2025
Actuarial Accrued Liability*	$28.1 Billion	$26.6 Billion
Assets	(26.7) Billion	(24.1) Billion
Unfunded Actuarial Accrued Liability	$ 1.4 Billion	$ 2.5 Billion

*AALs do not include any discretionary PAAs granted after the respective valuation dates.

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Appendix: Amortization Period of Unfunded Actuarial Accrued Liability (UAAL)

The time required for contributions in excess of the Normal Cost to pay off the UAAL.

Contribution Rate – Normal Cost Rate = UAAL Rate			
	Blended Contribution Rate	Normal Cost Rate	UAAL Rate
7/1/2022	19.44%	16.70%	2.74%
7/1/2023	19.47%	16.89%	2.58%
7/1/2024	20.96%	17.07%	3.89%
7/1/2025	20.79%	16.23%	4.56%
7/1/2026	20.79%	16.25%	4.54%

Contribution rates as currently scheduled are projected to take 5.5 years to pay off the $1,386.3 million UAAL, which is less than the 25-year maximum permitted in Idaho Code.

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Appendix: PERSI History Since 2000

PERSI

Fiscal Year Beginning 7/1	Contribution Rates (percentage of payroll) Employer Blended	Member Fire/Police	Member General	Member Teacher	Net Return Previous Year	Funded Ratio	Amort. Period (Years)
2000	9.80	7.21	5.86	5.86	12.9%	116.5%	N/A
2002	9.80	7.21	5.86	5.86	-7.4%	84.9%	39
2004	10.43	7.65	6.23	6.23	17.6%	91.7%	8
2006	10.43	7.65	6.23	6.23	11.8%	95.2%	10
2008	10.44	7.65	6.23	6.23	-4.6%	93.3%	16
2010	10.44	7.69	6.23	6.23	12.0%	78.9%	18
2012	10.44	7.69	6.23	6.23	1.2%	84.7%	15
2014	11.36	8.36	6.79	6.79	16.8%	92.9%	12
2016	11.38	8.36	6.79	6.79	1.5%	86.3%	37
2018	11.38	8.36	6.79	6.79	8.5%	91.2%	14
2019	11.99	8.81	7.16	7.16	8.1%	92.5%	11
2020	11.99	8.81	7.16	7.16	2.7%	87.7%	21
2021	11.99	9.13	7.16	7.16	27.5%	99.8%	0
2022	11.99	9.13	7.16	7.16	-9.6%	82.6%	Over 100
2023	11.98	9.83	6.71	7.62	9.2%	83.7%	14
2024	12.89	10.83	7.18	8.08	8.8%	85.4%	11
2025	12.78	10.36	7.18	8.08	10.8%	90.6%	8
2026	12.78	10.36	7.18	8.08	12.4%	95.1%	6

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Appendix: PERSI Maturity Measures

PERSI

Valuation Date	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026
Active AAL	$7,491.3	$7,767.9	$8,102.4	$8,438.4	$9,455.7	$9,887.2	$10,537.4	$11,203.6	$11,558.2	$12,204.6
Retiree and Inactive AAL	9,609.7	10,121.1	10,559.3	11,413.9	12,385.0	13,555.9	14,189.5	14,724.4	15,087.2	15,918.8
Total PERSI AAL*	17,101.0	17,889.0	18,661.7	19,852.3	21,840.7	23,443.1	24,726.9	25,928.0	26,645.4	28,123.4
Retiree and Inactive AAL as Percentage of Total	**56%**	**57%**	**57%**	**57%**	**57%**	**58%**	**57%**	**57%**	**57%**	**57%**
Market Value of Assets	$15,713.2	$16,763.8	$17,717.5	$17,392.1	$21,770.7	$19,349.5	$20,695.8	$22,131.8	$24,138.9	$26,737.1
Covered Payroll (prior FY)	3,089.6	3,200.4	3,382.1	3,546.0	3,716.7	3,927.0	4,234.2	4,573.4	4,770.6	5,023.6
Ratio of Assets to Payroll	**509%**	**524%**	**524%**	**490%**	**586%**	**493%**	**489%**	**484%**	**506%**	**532%**
Benefit Payments (prior FY)	$864.8	$909.7	$975.2	$1,012.5	$1,092.4	$1,129.4	$1,249.1	$1,290.5	$1,374.0	$1,445.9
Contributions (prior FY)	593.4	613.1	647.1	711.4	745.0	791.6	849.5	913.8	1,021.4	1,057.1
Ratio of Benefit Payments to Contributions	**146%**	**148%**	**151%**	**142%**	**147%**	**143%**	**147%**	**141%**	**135%**	**137%**

*AAL displayed on this chart are shown before adjusting for the present value of the future ORP contributions.

All figures in $ millions

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Appendix: Contribution Rates Historical Practice

PERSI

Key				
Adopted [Effective Date]	**Delayed** [Effective Date]	**Rate Change** [Effective Date]	**Implemented** [Effective Date]	**Canceled** X

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Proposed Contribution Rate Increase																									
1.00%	07/04		07/04																						
1.00%	07/05		07/06	07/07	07/08	X																			
1.00%	07/06		07/07	07/08	07/09	X																			
1.50%								07/11	07/12	07/13		07/13													
1.50%								07/12	07/13	07/14		07/15	X												
2.28%								07/13	07/14	07/15		07/16	X												
1.00%															07/18	07/19		07/19							
1.25%																					07/24		07/24		
2.50%																					07/25		07/26	07/27	X
3.75%, reduced to 1.25%																					07/26		07/27	07/28	

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Public Employee Retirement System of Idaho

July 1, 2026 Actuarial Valuation

Prepared by:

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Principal and Consulting Actuary

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October 7, 2026

Public Employee Retirement System of Idaho
P.O. Box 83720
Boise, ID 83720-0078

Dear Members of the Board:

In accordance with your request, we have performed an actuarial valuation of the Public Employee Retirement System of Idaho ("PERSI" or "System" or "Plan") to determine the Plan's financial status as of July 1, 2026. This report reflects the benefit provisions and contribution rates in effect as of July 1, 2026.

Purpose of the Valuation

Actuarial computations presented in this report are for the purpose of determining the recommended funding amounts for the Plan. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Plan's funding policy. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial Assumptions

Actuarial assumptions, including investment return assumption, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Retirement Board. That entity is responsible for selecting the Plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The System is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

Variability of Results

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used

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for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the selection of the assumptions and actuarial cost methods, and the Board has adopted them as indicated in Appendix A of this report.

Reliance

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Limited Distribution

Milliman's work is prepared solely for the use and benefit of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree not to use Milliman's work for any purpose other than to benefit the System.
b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

Models

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

Qualifications and Certifications

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing*

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Milliman

Members of the Board
Public Employee Retirement System of Idaho
October 7, 2026

Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Conclusion

We would like to express our appreciation to Mike Hampton, Executive Director of the System, and to members of PERSI's staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report, and we look forward to discussing it with you.

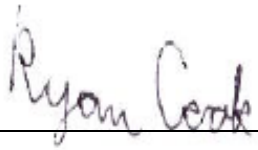
Sincerely,



Robert L. Schmidt, FSA, EA, MAAA
Principal and Consulting Actuary



Ryan Falls, FSA, EA, MAAA
Principal and Consulting Actuary



Ryan J. Cook, FSA, EA, MAAA
Consulting Actuary

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1. Summary of Findings

Our actuarial valuation of the Plan as of July 1, 2026, shows that the contributions determined by the current scheduled contribution rates are expected to exceed the normal cost, plus interest on the unfunded actuarial accrued liability (UAAL) in the fiscal year ending June 30, 2027, and the UAAL is projected to be fully amortized over 5.5 years (assuming future experience matches the actuarial assumptions and that there are no future Discretionary Postretirement Allowance Adjustments (PAAs), gainsharing, contribution rate changes, or benefit changes). Therefore, the amortization period is not greater than the 25-year maximum permitted under Section 59-1322, Idaho Code.

One measure of funding adequacy is the funded ratio, which compares the value of the actuarial assets to the actuarial accrued liability. The following compares the 2025 and the 2026 valuations.

Valuation	Funded Ratio
2025 Valuation	90.6%
2026 Valuation	95.1%

The calculations in this report assume a 1.0% automatic PAA in all future years. The calculations do not reflect any future discretionary PAAs that may be granted by the Board. While the Board has granted discretionary PAAs in the past, the decision whether or not to grant each PAA is made one year at a time. If the PAA assumption used for the actuarial valuation included provision for potential future discretionary PAAs, the impact would be a material increase in the costs and liabilities reported herein. See the risk disclosure section for more details.

The 2026 actuarial valuation indicates that the UAAL as of July 1, 2026, was $1,386.3 million, which is $1,265.7 million less than expected. This is due to an actuarial experience gain of $1,269.4 million during the fiscal year, plus a $0.4 million decrease in the actuarial accrued liability due to the line of duty experience study, partially offset by a $4.1 million increase due to a death benefit enhancement. The experience gain was primarily due to an investment gain, as reflected in the 12.33% investment yield (net of all expenses) for the past year. This and other sources of gains and losses are shown in Table 1.

Table 2 illustrates the gains and losses incurred in the last three fiscal years attributable to both expected and unexpected experiences, as well as changes in assumptions, benefits, and methods.

Change in Assumptions, Benefits, or Contribution Rates

The Safety line of duty death and disability assumptions have been updated due to the 2026 Assumptions and Cost Study. Please refer to our 2026 Assumptions and Cost Study letter dated July 23, 2026, and the appendix of this report for more details.

Also, the results contained in this report reflect the Safety line of duty death benefit enhancement from House Bill 642, signed into law on March 24, 2026. Please refer to our 2026 Death Benefit Enhancement letter dated July 23, 2026, and the appendix of this report for more details.

The Board cancelled the 2.50% contribution rate increase previously scheduled for July 1, 2027.

In addition, the Board granted a 1.70% PAA, effective March 1, 2026, to reflect the difference between 2021 inflation and prior PAAs. While described as a Retro PAA, the increase was applied prospectively only and did not provide any retroactive benefit adjustment for periods before March 1, 2026.

There have been no other changes in actuarial assumptions or plan benefits since the July 1, 2025, valuation.

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Discretionary Postretirement Benefit Increases (Postretirement Allowance Adjustments or PAAs)

The System automatically provides a 1.0% increase in retirement benefits each year if the Consumer Price Index (CPI) has increased by at least that amount. The Board is empowered to go beyond 1% and match the full increase in the CPI, up to a total of 6%, subject to rejection or amendment by the Legislature. If the change in CPI is less than 1%, or negative, the automatic PAA is equal to the change in CPI. A negative PAA cannot decrease benefits by more than 6% in one year, and each retiree's benefit cannot be less than the amount of the retirement allowance at the member's commencement date.

The CPI grew at a rate of 3.4% during the last year. The effect of the potential benefit increase beyond 1.0% is not reflected in the balance of this report (unless noted otherwise).

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Table 1
Gains and Losses for the Year Ended July 1, 2026

	Actuarial Accrued Liability (in millions)	**Market Value of Assets** (in millions)	**Unfunded Actuarial Accrued Liability** (in millions)	**Funded Ratio**	**Amort. Period** (years)
July 1, 2025, Valuation	$26,645.4	$24,138.9	$2,506.5	90.6%	8.2
1.70% Retro-PAA	164.1	-	164.1		
Board Approval of Contribution Rate Changes[1]	44.5	-	44.5		
July 1, 2025, Results Incorporating the Changes Noted Above	$26,854.0	$24,138.9	$2,715.1	89.9%	12.1
Expected Change Between Valuation Dates	1,127.1	1,190.2	(63.1)		
Expected at July 1, 2026	$27,981.1	$25,329.1	$2,652.0	90.5%	11.1
Effect of Actuarial Experience Gains and Losses:					
▪ Investments [Gain]	-	1,394.8	(1,394.8)		
▪ Salaries [Loss]	45.2	(8.6)	53.8		
▪ Membership Growth [Loss]	12.0	7.2	4.8		
▪ Benefit Payments Lower than Expected	14.6	14.6	-		
▪ Retired Member Experience [Loss]	60.3	-	60.3		
▪ Active and Inactive Member Experience [Loss]	6.5	-	6.5		
Total Experience Gains and Losses	138.6	1,408.0	(1,269.4)		
Effect of Assumption Changes[2]	(0.4)	-	(0.4)		
Effect of Plan Changes[3]	4.1	-	4.1		
July 1, 2026, Valuation	$28,123.4	$26,737.1	$1,386.3	95.1%	5.5

1. The Board cancelled the 2.50% contribution rate increase previously scheduled for July 1, 2027.

2. See our 2026 Assumptions and Cost Study Letter, regarding safety line of duty benefits, dated July 23, 2026, for more details.

3. See our 2026 Death Benefit Enhancement letter dated July 23, 2026, for more details.

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Table 2
Three-Year History of Actuarial Gains and Losses

(All Dollar Amounts in Millions)

Gain (Loss) for Period

	2025-2026	2024-2025	2023-2024
Investment Income			
Investment income was greater (less) than expected	1,394.8	976.2	520.5
Pay Increases			
Pay increases were less (greater) than expected	(53.8)	(58.3)	(157.4)
Membership Growth			
New members increased liabilities by less (more) than their contributions increased assets	(4.8)	(3.3)	(0.7)
Postretirement Allowance Adjustment (PAA)			
Different automatic PAA than expected	0.0	0.0	0.0
Other Retired Member Experience			
Retirees died younger (lived longer) than expected and miscellaneous retiree gains (and losses) resulting from other causes	(60.3)	(21.9)	(31.7)
Other Active and Inactive Member Experience			
Members retiring at different times than expected and miscellaneous gains (and losses) resulting from other causes	(6.5)	(31.1)	30.1
Total Gain (Loss) During the Period From Actuarial Experience	1,269.4	861.6	360.8
Contribution Income			
Expected contributions and expected asset returns were greater (less) than the normal cost and interest on the actuarial accrued liability	63.1	(48.1)	(131.8)
Non-Recurring Items			
Changes in actuarial assumptions caused a gain (loss)	0.4	556.1	None
Changes in actuarial methods caused a gain (loss)	None	None	None
Changes in plan provisions caused a gain (loss)[(1)]	(168.2)	(38.8)	None
Change in Future Contribution Rates[(2)]	(44.5)	(47.6)	0.4
Composite Gain (Loss) During the Period	1,120.2	1,283.2	229.4

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the unfunded actuarial accrued liability.

[(1)] For 2024-25, this reflects the 0.30% retro-PAA, effective March 1, 2025. For 2025-26, this reflects the 1.70% retro-PAA, effective March 1, 2026, and the line of duty death benefit enhancement.

[(2)]For 2023-24, this reflects the September 2023 Board decision to, as a response to the new return to work law for safety members, implement a temporary 1.14% increase in Safety contribution rates for July 1, 2024, to June 30, 2027. For 2024-25, this reflects the Board decisions to delay the 2.50% contribution rate increase previously scheduled for July 1, 2025, to July 1, 2027, delay and reduce the 3.75% contribution rate increase scheduled for July 1, 2026, to a 1.25% increase scheduled for July 1, 2028, and to end, effective April 1, 2025, the temporary 1.14% Safety contribution rate for the 2023 return to work law (previously scheduled to end July 1, 2027). For 2025-26, this reflects the Board decision to cancel the 2.50% contribution rate increase previously scheduled for July 1, 2027.

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Table 3
Summary of Key Valuation Results

	July 1, 2026 Valuation	July 1, 2025 Valuation	Percentage Change
1. Total Membership			
A. Contributing Active Members	78,885	78,746	0.2%
B. Members and Beneficiaries Receiving Benefits	58,895	57,473	2.5%
C. Vested Terminated Members	17,292	16,875	2.5%
D. Non-vested Terminated Members	43,677	41,180	6.1%
E. Total Membership	198,749	194,274	2.3%
2. Annual Salaries[1]			
A. Annual Total ($Thousands)	$ 4,962,212	$ 4,751,493	4.4%
B. Annual Average per Active Member	$ 62,904	$ 60,339	4.3%
3. Annual Benefits			
A. Annual Benefits ($Thousands)	$ 1,375,457	$ 1,300,193	5.8%
B. Annual Average Benefits	$ 23,354	$ 22,623	3.2%
4. Actuarial Accrued Liability ($Millions)			
A. Contributing Active Members	$ 12,204.6	$ 11,558.2	5.6%
B. Members and Beneficiaries Receiving Benefits	14,017.1	13,341.4	5.1%
C. Terminated Members	1,901.7	1,745.8	8.9%
D. Total Actuarial Accrued Liability (AAL)	$ 28,123.4	$ 26,645.4	5.5%
5. Value of Plan Assets ($Millions)			
A. Market Value	$ 26,737.1	$ 24,138.9	10.8%
6. Funded Status ($Millions)			
A. Funding Reserve (Unfunded Actuarial Accrued Liability, UAAL) (5A - 4D)	$ (1,386.3)	$ (2,506.5)	
B. Funded Ratio (5A ÷ 4D)	95.1%	90.6%	
7. Contribution Rates (percent of salaries)			
A. Current Total Blended Contribution Rate	20.79%	20.79%	
B. Total Normal Cost Rate	16.25%	16.23%	
C. Contribution Rate Minus Normal Cost Rate (7A - 7B)	4.54%	4.56%	
D. Ultimate Total Blended Contribution Rate[2]	22.04%	24.54%	
E. Amortization Period for UAAL Based on Currently Scheduled Contribution Rates[2]	5.5 years	8.2 years	

1. Annualized pensionable compensation for the year ending immediately prior to the valuation date.

2. See Table 11 for details on the scheduled rate changes.

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Gain Sharing

Beginning in 2000, under Section 59-1309, Idaho Code, the Board may allocate all or a portion of "extraordinary gains" to active and retired members and employers as Gain Sharing. Extraordinary gains are defined as the excess, if any, at the close of the fiscal year of the Assets over Actuarial Accrued Liabilities plus an amount necessary to absorb a one standard deviation market event without increasing contribution rates, as determined by the Board. Under the Board's current investment policy, assets in excess of a 113% funded ratio are considered extraordinary gains. Therefore, no assets are available for gain sharing as of July 1, 2026.

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2. Scope of the Report

This report presents the actuarial valuation of the Public Employee Retirement System of Idaho as of July 1, 2026. This valuation was requested by the System's Board.

We request your attention to read the cover letter to this report, where we refer to the guidelines employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings depend. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the Plan. Sections 4 and 5 describe how the obligations of the Plan are to be met under the actuarial cost method in use. Section 6 of this report shows supplemental information including the estimated cash flow of future retirement benefit payments, based on the actuarial assumptions. Section 7 describes various risks that are material to the Plan.

This report includes several appendices:

- Appendix A A summary of the actuarial procedures and assumptions.
- Appendix B A summary of the current benefit structure based on governing law on July 1, 2026.
- Appendix C Schedules of valuation data classified by various categories; a brief summary of the System's recent experience; and comparative statistics since June 30, 1968.
- Appendix D A glossary of actuarial terms used in this report.

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3. Assets

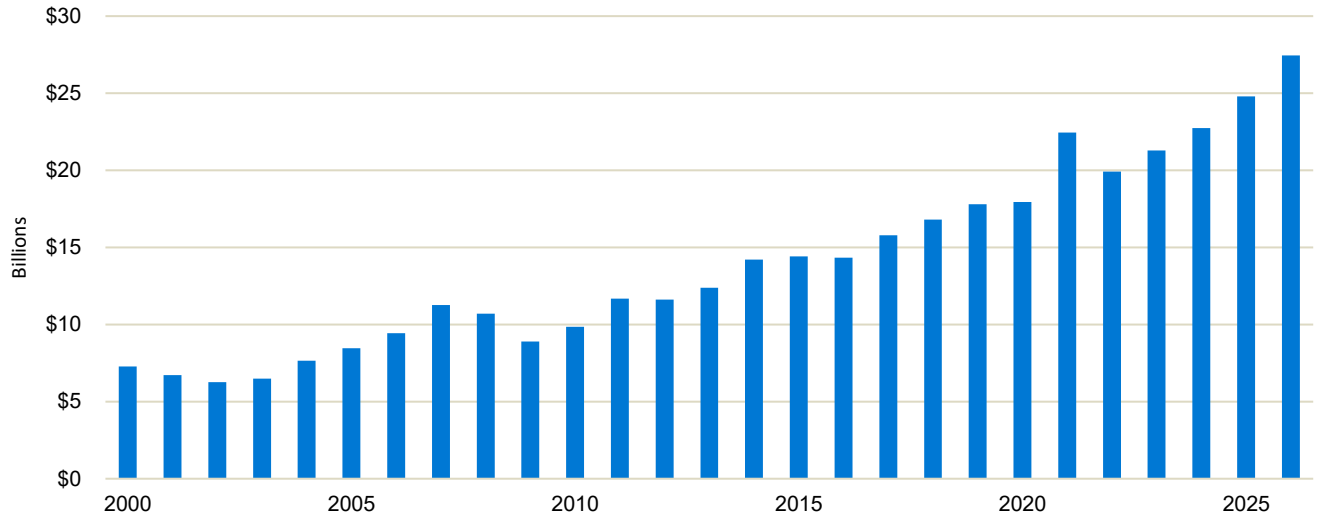
In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2026 On that date, the assets available for the payment of benefits are appraised. These assets are compared with the actuarial liabilities, which are generally well in excess of the assets. The actuarial process thus leads to a method of determining what contributions by members and their employers are needed to strike a balance.

This section of the report deals with the asset determination. In the next section, the actuarial liabilities will be discussed. Section 5 deals with the process for determining required contributions based on the relationship between the assets and actuarial liabilities.

The net assets at July 1, 2026, of $27,459,395,200 shown below and in Table 4 include assets used in plan operations and assets held for the Firefighters' Retirement Fund, the Judges' Retirement Fund, and the Idaho Falls Police Retirement Fund. The allocation of the trust is shown at the bottom of Table 4. The investments at fair value shown in Table 5 also include assets held for these other funds.

The market value of assets has increased 278% over the value in 2000. The chart below illustrates this growth.

Net Assets Held by PERSI



For all years shown in this table, the System has elected to use the market value of assets on the valuation date as the asset value used in calculating the Plan's funding requirement (a.k.a. the actuarial value of assets).

Table 4 presents a summary of the System's assets, including the allocation of the assets to the various funds. Table 5 presents an analysis of the investments. Table 6 shows a reconciliation of the market value of assets held for PERSI pension benefits from July 1, 2025, to July 1, 2026. Table 7 shows an analysis of the investment yield of the Plan's assets for the fiscal year ending June 30, 2026.

Tables 4 through 7 are derived from data furnished to us by the System. We have accepted these tables for use in this report without audit, but we have reviewed them for reasonableness and consistency with previous reports.

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The yield rates shown at the top of Table 7 are net of both investment and administrative expenses. The summary at the bottom of Table 7 shows the annual yields before expenses, net of investment expenses, and net of both investment and administrative expenses. Each yield should be compared with the appropriate actuarial assumption shown in the left column. The yield net of all expenses is 12.33% for the year ending June 30, 2026, which is compared with the actuarial assumption, net of all expenses, of 6.50% for the fiscal year ended June 30, 2026.

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Table 4
Market Value of Assets

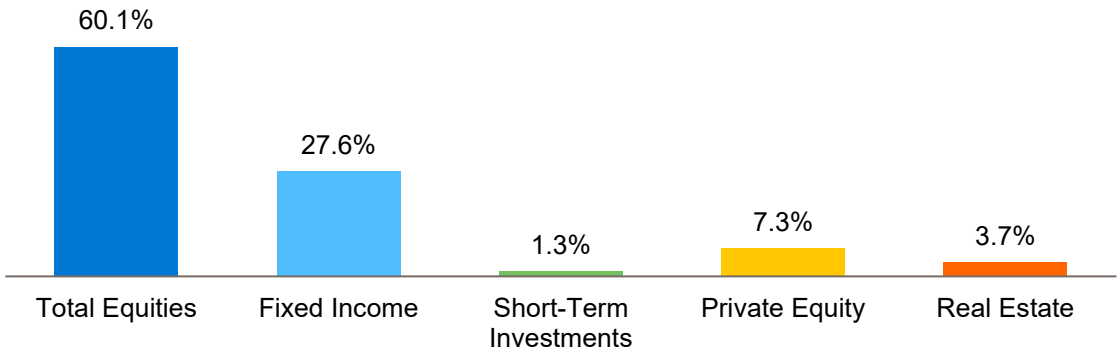
	July 1, 2026	July 1, 2025
Assets		
Cash	$ 33,045,330	$ 48,029,598
Investments at Fair Value	27,283,461,504	24,639,954,066
Investments Sold	25,765,180	54,819,881
Contributions Receivable	26,028,308	21,358,277
Interest and Dividends Receivable	93,179,495	88,198,002
Assets Used in Plan Operations, Net	9,837,655	7,288,011
Retiree Payroll in Process	115,975,485	107,408,023
Other Prepaids	-	-
Total Assets	$ 27,587,292,957	$ 24,967,055,858
Liabilities		
Accrued Liabilities	$ 23,387,143	$ 20,342,803
Benefits and Refunds Payable	-	1,610,077
Due to Other Funds	-	-
Investments Purchased	104,510,614	140,731,684
Total Liabilities	$ 127,897,757	$ 162,684,564
Net Assets Held by PERSI	$ 27,459,395,200	$ 24,804,371,294
Allocation of Net Assets Held by PERSI		
Total Assets Held for PERSI Pension Benefits	$ 26,737,113,237	$ 24,138,888,873
Firefighters' Retirement Fund Assets	562,236,420	521,563,002
Judges' Retirement Fund Assets	140,620,086	127,464,623
Idaho Falls Police Retirement Fund Assets	9,587,802	9,166,785
Assets Used in Plan Operations	9,837,655	7,288,011
Net Assets Held by PERSI	$ 27,459,395,200	$ 24,804,371,294
Assets for Use in Valuation of PERSI Pension Benefits		
Market Value of Assets held for PERSI Pension Benefits	$ 26,737,113,237	$ 24,138,888,873

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Table 5
Analysis of Investments Held by PERSI
July 1, 2026

	Fair Value	Percentage
Fixed Income Investments		
Domestic	$ 6,683,535,907	24.5%
International	0	0.0%
Idaho Commercial Mortgages	849,731,289	3.1%
Total Fixed Income	7,533,267,196	27.6%
Short Term Investments	353,437,774	1.3%
Real Estate	1,018,436,944	3.7%
Equity Securities		
Domestic	13,419,803,814	49.2%
International	2,979,095,854	10.9%
Total Equities	16,398,899,668	60.1%
Private Equity	1,979,419,922	7.3%
Total Investments	$ 27,283,461,504	100.0%

This table also includes investments held for the Firefighters' Retirement Fund, the Judges' Retirement Fund, and the Idaho Falls Police Retirement Fund. The allocation of the net assets in the trust is shown at the bottom of Table 4.



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Table 6
Reconciliation of Assets

	July 1, 2025, to June 30, 2026	July 1, 2024, to June 30, 2025
Additions:		
Contributions		
Members	$ 414,582,751	$ 399,578,459
Employers	642,555,442	621,829,960
Total Contributions	$ 1,057,138,193	$ 1,021,408,419
Investment Income		
Net Appreciation/(Depreciation) in Fair Value of Investments	$ 2,543,304,384	$ 1,979,794,537
Interest, Dividends and Other Investment Income	488,290,842	456,364,154
Other Revenue, Net	1,319,850	1,500,409
Less: Investment Expenses	(65,623,737)	(64,887,598)
Net Investment Income	$ 2,967,291,339	$ 2,372,771,502
Total Additions	$ 4,024,429,532	$ 3,394,179,921
Deductions:		
Benefits and Refunds Paid to Plan Members and Beneficiaries	$ 1,411,465,803	$ 1,374,038,315
Administrative Expense	12,193,081	10,977,574
Total Deductions	$ 1,423,658,884	$ 1,385,015,889
Other:		
Decrease/(Increase) in Assets Used in Plan Operations	$ (2,546,284)	$ (2,037,790)
Increase/(Decrease) in Market Value of Assets	$ 2,598,224,364	$ 2,007,126,242
Market Value of Assets, Beginning of Year	$ 24,138,888,873	$ 22,131,762,631
Market Value of Assets, End of Year	$ 26,737,113,237	$ 24,138,888,873

Notes:

1. This table only shows assets held for PERSI pension benefits.

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Table 7
Analysis of Investment Yield

	July 1, 2025, to June 30, 2026	
	Total Trust	**Individual Plan**
Investment Return	$ 3,116,165,350	$ 3,032,915,076
Less Investment Expenses	75,814,170	65,623,737
Less Administrative Expenses	12,276,784	12,193,081
Net Return	$ 3,028,074,396	$ 2,955,098,258
Mean Assets for Period	$ 24,609,283,216	$ 23,960,451,926
Annual Yield	12.30%	12.33%

	Summary of Annual Yields for Year Ending June 30, 2026		
Expense Basis	**Actuarial Assumption**	**Total Trust**	**Individual Plan**
Gross – Before Expenses		12.69%	12.68%
Net of Investment Expenses	6.55%	12.36%	12.39%
Net of All Expenses	6.50%	12.30%	12.33%

Notes:

1. See Tables 4, 5, and 6 for data used in this table.
2. Total trust excludes assets used in plan operations.
3. Individual plan only includes assets held for PERSI pension benefits.
4. Mean assets for period = 1/2 (beginning net assets + ending net assets - net return).
5. Annual yield = (net investment return) / mean assets.
6. Mean assets differ for each expense basis, so differences between bases are not comparable.

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4. Actuarial Liabilities

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the Plan as of the valuation date, July 1, 2026. In this section, the discussion will focus on the commitments of the Plan which are referred to as its actuarial liabilities.

Table 8 contains an analysis of the actuarial present value of all future benefits for contributing members and for former contributing members and their survivors. The analysis is given by type of benefit and by class of membership.

The actuarial liabilities summarized in Table 8 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and, if an optional benefit is chosen, for the lives of the surviving beneficiaries.

The economic and demographic assumptions are based on the results of the 2025 Experience Study, which was adopted by the Board effective July 1, 2025.

All liabilities reflect the provisions of governing law (as summarized in Appendix B) and scheduled contribution rates (as summarized in Table 11) in effect as of July 1, 2026. No future changes are considered in determining the liabilities shown (unless stated otherwise).

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Table 8
Actuarial Present Value of Future Benefits

(All amounts in millions)

July 1, 2026

Contributing Members	Fire & Police	General Employees	Teachers	Grand Total
Service Retirement Including Reduced Early Retirement	$3,699.4	$7,369.4	$6,697.7	$17,766.5
Deferred Vested Retirement	215.3	674.6	327.1	1,217.0
Disability Retirement	104.3	155.5	138.0	397.8
Death	44.2	110.1	60.7	215.0
Refunds of Member Contributions[1]	82.3	180.0	53.3	315.6
Total	$4,145.5	$8,489.6	$7,276.8	$19,911.9
Former Contributing Members & Survivors				
Service Retirement	$2,027.5	$6,381.9	$4,728.5	$13,137.9
Disability Retirement	58.9	178.6	105.8	343.3
Survivors' Benefits	88.0	282.0	165.9	535.9
All Other Benefits	189.0	1,231.0	481.7	1,901.7
Total	$2,363.4	$8,073.5	$5,481.9	$15,918.8
Grand Total	$6,508.9	$16,563.1	$12,758.7	$35,830.7

1. Including all benefits provided by voluntary contributions.

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5. Employer Contributions

The previous two sections were devoted to a discussion of the assets and actuarial liabilities of the Plan. Comparison of Tables 4 and 8 indicates that current assets fall short of meeting the actuarial liabilities (specifically the actuarial present value of future benefits). This is expected in funds with active members still accruing benefits, as future contributions are still anticipated to help pay for those benefits.

In an active system, there is often a difference between the actuarial assets and liabilities. When liabilities exceed assets, this difference has to be made up out of future contributions. An actuarial valuation method sets out a schedule of future contributions that will deal with this difference in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. For this valuation, the individual entry age actuarial cost method has been used. Under this method — or essentially any actuarial cost method — the contributions required to meet the Plan's needs are allocated each year between two elements:

- A normal cost amount, which ideally is relatively stable as a percentage of salary over the years; and
- The excess of the contribution rate over the normal cost; this excess is used to amortize what is called the unfunded actuarial accrued liability.

The two items described above — the normal cost and unfunded actuarial accrued liability — are the keys to understanding the actuarial cost method.

Normal Cost

The normal cost is the theoretical contribution rate that will meet the ongoing costs of a group of average employees. Suppose that a group of employees was covered under a separate fund from which all benefits and to which all contributions and associated investment returns were paid. Under the individual entry age actuarial cost method, the normal cost contribution rate is that level percentage of pay that would be exactly right to maintain this fund on a stable basis. If experience were to follow the actuarial assumptions precisely, the fund would be completely liquidated when the last payment to the last survivor of the group has been made.

We have determined the normal cost rates for the Plan separately by class of employee and by type of benefit. These rates are summarized in Table 10. The normal cost rates in Table 10 reflect the actuarial assumptions adopted by the Board, the plan provisions effective July 1, 2026, and the total blended contribution rate of 20.79% as of July 1, 2026.

Unfunded Actuarial Accrued Liability

The term "fully funded" is often applied to a system in which contributions for everyone at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. Many systems are not fully funded, either because of past benefit improvements that have not been completely paid for or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. However, even if a system does not have a positive UAAL, a portion or all of the normal cost contribution payments will need to be continued in order to have sufficient funds to pay future benefits. The use of the term "fully funded" may imply no further contributions are required at all. Therefore, a better term is a "well-funded" plan. This occurs when the value of the assets exceeds the actuarial accrued liability and the difference is referred to in the PERSI funding policy as the Funding Reserve.

Table 9 shows how the UAAL or Funding Reserve was derived for the Plan. Line A shows the total actuarial liability for all future benefits. The portion of the future liability expected to be paid from future normal cost contributions, both employer and employee, is shown on Line B. The difference between lines A and B is the System's actuarial accrued liability as of the actuarial valuation date.

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The UAAL at any date after establishment of a system is affected by any actuarial gains or losses arising when the actual experience of the system varies from the experience anticipated by the actuarial assumptions used in the valuations. To the extent actual experience, as it develops, differs from that expected according to the assumptions used, so also will the emerging costs differ from the estimated costs disclosed in this report.

ORP Contributions

Under Idaho Code 33-107A each institution participating in the optional retirement program (ORP) was required to pay an amount equal to 1.49% of salaries of their ORP participants to PERSI. This amount was paid until July 1, 2025. Likewise, under Idaho Code 33-107B each community college and post-secondary vocational education institution was required to pay an amount equal to 3.83% of salaries of their ORP participants to PERSI. This amount was paid until July 1, 2011, and has since expired.

Funding Adequacy

A key consideration in determining the adequacy of the funding of the System is how the UAAL is being serviced. If the UAAL amount is positive, that is the actuarial accrued liability to be funded is greater than the assets, then the UAAL must be amortized. Idaho law calls for the UAAL to be paid off in no more than 25 years. Table C-5 (Appendix C) illustrates, for historical comparison purposes only, the contribution rates on a 30-year amortization basis through 1992 and the contribution rates on the 25-year amortization basis beginning in 1993.

Discretionary Postretirement Benefit Increases

The costs of providing future postretirement increases of 1% per year are included in the liabilities shown in this report. These increases are automatic as long as the increase in the CPI-U is at least 1%. The Board may, subject to modification or rejection by the Legislature, grant discretionary increases of up to an additional 5% per year, provided that the total percentage increase does not exceed the percentage change in the CPI and that the increase can be supported by the assets of the System. Any future discretionary PAAs will increase the costs of the plan above the liabilities shown in this report. See Section 7 Risk Disclosures for more details.

Gain Sharing

Beginning in 2000, under Section 59-1309, Idaho Code, the Board may allocate all or a portion of “extraordinary gains” to active and retired members and employers as Gain Sharing. Extraordinary gains are defined as the excess, if any, at the close of the fiscal year of the Assets over Actuarial Accrued Liabilities plus an amount necessary to absorb a one standard deviation market event without increasing contribution rates, as determined by the Board. Under the Board’s current investment policy, assets in excess of a 113% funded ratio are considered extraordinary gains. Since the funding ratio as of July 1, 2026, is less than 113%, no assets are available for consideration for Gain Sharing. Note that the values shown in this report, do not reflect any future Gain Sharing allocations. If any are granted, this will increase the costs of the plan above the liabilities shown in this report.

Funding Policy

Table 11 shows the current contribution rates and scheduled increases (if any). These reflect the statutory requirements that member contribution rates must always be a fixed percentage of the employer contribution rate (72% for fire and police and 60% for other employees). There are three exceptions to this:

- The cost of the original fire and police line of duty death benefit is paid entirely by fire and police employers. This is currently 0.10% of pay and scheduled to decrease to 0.01% of pay effective July 1, 2027.
- The cost of the 2026 improvement in the fire and police line of duty death benefit is paid entirely by fire and police members. This is scheduled to be 0.14% of pay effective July 1, 2027.

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- The cost of the fire and police line of duty disability benefits (including catastrophic disability benefits) are paid entirely by fire and police members. This is currently 0.36% of pay and is scheduled to decrease to 0.18% of pay effective July 1, 2027.

In addition, the Board must satisfy the statutory requirement that contribution rates are sufficient to amortize the UAAL in no more than 25 years. As shown in Table 12, as of July 1, 2026, the current contribution rates schedule does meet this requirement. Therefore, the Board is not required to increase contribution rates.

The Board's current Funding Guidelines were adopted January 18, 2022, and establish guidelines for the Board in making annual funding decisions. It outlines the following Board priorities and principles:

- Align actuarial assumptions,
- Maintain predictable rates of contribution,
- Address the purchasing power of retiree benefits, and
- Consider the allocation of extraordinary gains.

These priorities and principles are listed in no particular order of importance. They are regularly evaluated and considered with the goal of maintaining the sustainability of the Plan.

Idaho Statute and the Board’s Funding Guidelines are consistent with the Plan accumulating assets adequate to make benefit payments when due.

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Table 9
Unfunded Actuarial Accrued Liability

(All amounts in millions)

	Valuation Date:	July 1, 2026	July 1, 2025
A.	Actuarial Present Value of all Future Benefits	$ 35,830.7	$ 34,080.4
B.	Actuarial Present Value of Total Future Normal Costs	7,707.3	7,435.0
C.	Actuarial Accrued Liability [A - B]	$ 28,123.4	$ 26,645.4
D.	Market Value of Assets Available for Benefits	26,737.1	24,138.9
E.	UAAL (Funding Reserve) [C - D]	$ 1,386.3	$ 2,506.5
F.	Amortization Period[(1)]	5.5 years	8.2 years
G.	Funded Ratio [D / C]	95.1%	90.6%

1. The amortization period is based on the scheduled contribution rates shown in Table 11. For the July 1, 2025, valuation, the ultimate total blended contribution rate was 24.54%. For the July 1, 2026, valuation, the ultimate total blended contribution rate is 22.04%.

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Table 10
Normal Cost Rates
July 1, 2026[1]

	Fire & Police	General Employees	Teachers	Total Rate
Service Retirement Including Reduced Early Retirement	15.47%	10.66%	14.16%	12.58%
Deferred Vested Retirement	1.93	2.05	1.61	1.89
Disability Retirement	0.77	0.33	0.42	0.43
Death	0.31	0.19	0.17	0.20
Refunds of Member Contributions	1.39	1.27	0.77	1.15
Total	19.87%	14.50%	17.13%	16.25%
Less Member Contributions	10.36	7.18	8.08	8.01
Employer Normal Cost Rate	9.51%	7.32%	9.05%	8.24%

Analysis of Member Contributions

Member Contributions	10.36%	7.18%	8.08%	8.01%
Less Expected Refunds	1.39	1.27	0.77	1.15
	8.97%	5.91%	7.31%	6.86%

1. Total Normal Cost Rates are based on the Individual Entry Age Normal Cost Method adopted by the Board for the July 2013 Actuarial Valuation.

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Table 11
Current Contribution Rates

	Rates as of July 1, 2026	Rates as of July 1, 2027	Rates as of July 1, 2028
1. **Fire & Police**			
A. Shared Portion of Contribution Rate (set by Board)	23.88%	24.01%	25.26%
B. Employer Portion of Shared Contributions [A ÷ 1.72]	13.88%	13.96%	14.69%
C. Benefits Paid Entirely by Employers	0.10%	0.01%	0.01%
D. Total Employer Contribution Rate [B + C]	**13.98%**	**13.97%**	**14.70%**
E. Member Portion of Shared Contributions [A - B]	10.00%	10.05%	10.57%
F. Benefits Paid Entirely by Members	0.36%	0.32%	0.32%
G. Total Member Contribution Rate [E + F]	**10.36%**	**10.37%**	**10.89%**
H. Total Contribution Rate [D + G]	**24.34%**	**24.34%**	**25.59%**
I. Projected FY27 Salary (millions)	$844.7	$844.7	$844.7
J. Projected FY27 Employer Contributions (millions) [D x I]	118.1	118.0	124.2
K. Projected FY27 Member Contributions (millions) [G x I]	87.5	87.6	92.0
2. **General Employees**			
A. Total Contribution Rate (set by Board)	19.14%	19.14%	20.39%
B. Total Employer Contribution Rate [A ÷ 1.60]	**11.96%**	**11.96%**	**12.74%**
C. Total Member Contribution Rate [A - B]	**7.18%**	**7.18%**	**7.65%**
D. Projected FY27 Salary (millions)	$2,520.0	$2,520.0	$2,520.0
E. Projected FY27 Employer Contributions (millions) [B x D]	301.4	301.4	321.0
F. Projected FY27 Member Contributions (millions) [C x D]	180.9	180.9	192.8
3. **Teachers**			
A. Total Contribution Rate (set by Board)	21.56%	21.56%	22.81%
B. Total Employer Contribution Rate [A ÷ 1.60]	**13.48%**	**13.48%**	**14.26%**
C. Total Member Contribution Rate [A - B]	**8.08%**	**8.08%**	**8.55%**
D. Projected FY27 Salary (millions)	$1,522.2	$1,522.2	$1,522.2
E. Projected FY27 Employer Contributions (millions) [B x D]	205.2	205.2	217.1
F. Projected FY27 Member Contributions (millions) [C x D]	123.0	123.0	130.1
4. **Total Aggregate Rate**			
A. Projected FY27 Salary (millions) [1I + 2D + 3D]	$4,886.9	$4,886.9	$4,886.9
B. Projected FY27 Employer Contributions (millions) [1J + 2E + 3E]	624.7	624.6	662.3
C. Projected FY27 Member Contributions (millions) [1K + 2F + 3F]	391.4	391.5	414.9
D. Aggregate Employer Contribution Rate [B ÷ A]	**12.78%**	**12.78%**	**13.55%**
E. Aggregate Member Contribution Rate [C ÷ A]	**8.01%**	**8.01%**	**8.49%**
F. Total Aggregate Contribution Rate [D + E]	**20.79%**	**20.79%**	**22.04%**

Notes:

1. Projected FY27 salaries and contributions shown in this exhibit do not include projected salaries for future members hired after the valuation date of July 1, 2026.
2. Calculations were done using unrounded values, so results may differ slightly from those performed using the rounded values displayed above.

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Table 12
Minimum Contribution Rates

	Valuation Date	July 1, 2026					July 1, 2025
	Funding Basis	Actual Contribution Rates				Minimum Contribution Rate[1]	Actual Contribution Rate
	Group	Fire & Police	General Employees	Teachers	Total	Total	Total
A.	Employer Contribution Rate	13.98%	11.96%	13.48%	12.78%	10.66%[2]	12.78%
B.	Member Contribution Rate	10.36%	7.18%	8.08%	8.01%	6.70%[2]	8.01%
C.	**Total Contribution Rate [A + B]**	**24.34%**	**19.14%**	**21.56%**	**20.79%**	**17.36%[2]**	**20.79%**
D.	Total Normal Cost Rate	19.87%	14.50%	17.13%	16.25%	15.99%[2]	16.23%
E.	Amount Available to Amortize Liability [C - D]	4.47%	4.64%	4.43%	4.54%	1.37%[2]	4.56%
F.	Dollar Amount of UAAL in Millions (if negative, Funding Reserve)				$1,386.3	$1,474.7	$2,506.5
G.	Amortization Period[4]				5.5 years	25.0 years[3]	8.2 years

1. Per Idaho Statute, the UAAL (if applicable) is amortized over a 25-year period. The minimum contribution rate permitted by statute would not permit the total rate to be less than the normal cost rate.

2. The Minimum Contribution Rate column shows the adjusted contribution rates (and resulting normal cost rate) as of January 1, 2028, while the other columns all show the current contribution rates (and resulting normal cost rate) as of the valuation date.

3. Calculated as of July 1, 2026, assuming contributions stay at the July 1, 2026, levels through December 31, 2027, and then are changed to the Minimum Contribution Rate effective January 1, 2028. (Note that this calculation ignores the scheduled contribution rate changes shown in Table 11.)

4. The amortization period is based on the scheduled contribution rates shown in Table 11. For the July 1, 2025, valuation, the ultimate total blended contribution rate was 24.54%. For the July 1, 2026, valuation, the ultimate total blended contribution rate is 22.04%.

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6. Supplemental Information

Cash Flow Projections

Table 13 summarizes the historical cash flows for PERSI and the projected cash flows for the next 10 years. Contributions include both employer and member contributions. The table shows that net cash flow has decreased over the past ten years. This is a typical pattern in the maturing of a retirement system. Beginning in 2007, contributions were less than benefits and the System began drawing on the fund that has been built. The cash flow is projected to be negative in each of the next ten years.

The projected cash flows include PERSI contributions and benefits. They are based on the actuarial assumptions as stated in Appendix A and the contribution rate schedule shown in Table 11. Any other changes in contribution rates would change net cash flow. The projected cash flows do not include future discretionary PAA payments or future discretionary Gain Sharing allocations.

ASOP No. 4 Reasonable ADC Rate

Actuarial Standards of Practice Number 4 (ASOP No. 4) requires the actuary to calculate and disclose a “reasonable” actuarially determined contribution (ADC), which considers that the actuarial methods and assumptions follow actuarial standards of practice. We believe that the Board’s approved contribution rates, including the processes for updating the rates when required by Idaho Statute, meets this standard.

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Table 13
Cash Flow History and Projections

(All dollar amounts in millions)

Historical Cash Flows

Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2017	$ 593.4	$ 864.8	$ (271.4)
2018	613.1	909.7	(296.6)
2019	647.1	975.2	(328.1)
2020	711.4	1,012.5	(301.1)
2021	745.0	1,092.4	(347.4)
2022	791.6	1,129.4	(337.8)
2023	849.5	1,249.1	(399.6)
2024	913.8	1,290.5	(376.7)
2025	1,021.4	1,374.0	(352.6)
2026	1,057.1	1,445.9	(388.8)

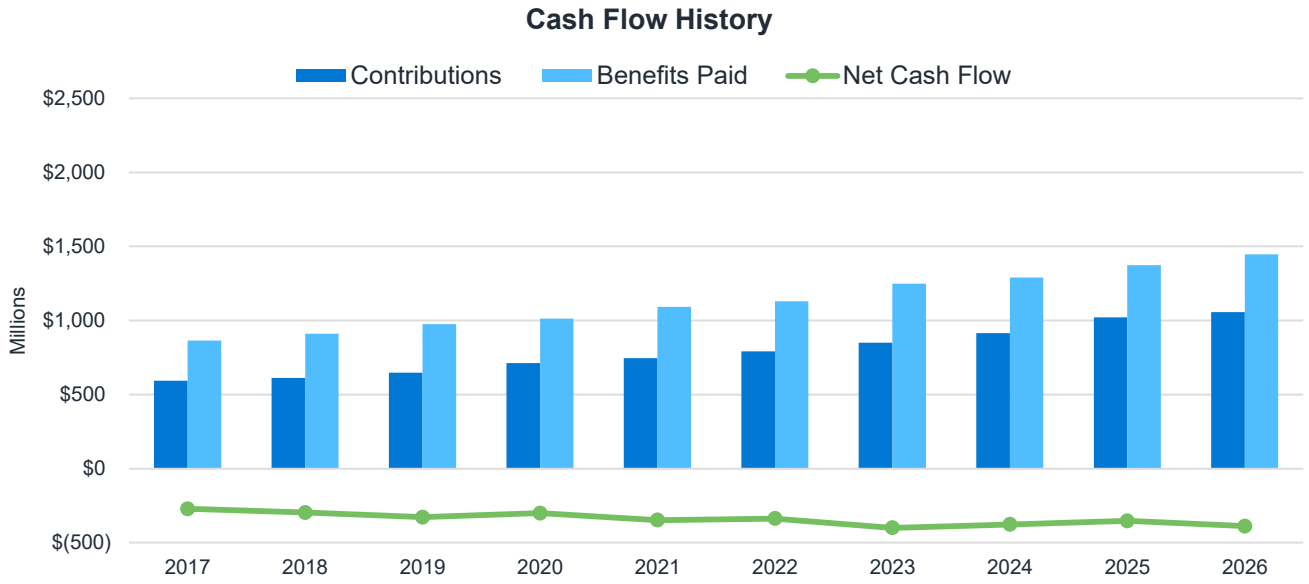
Projected Cash Flows

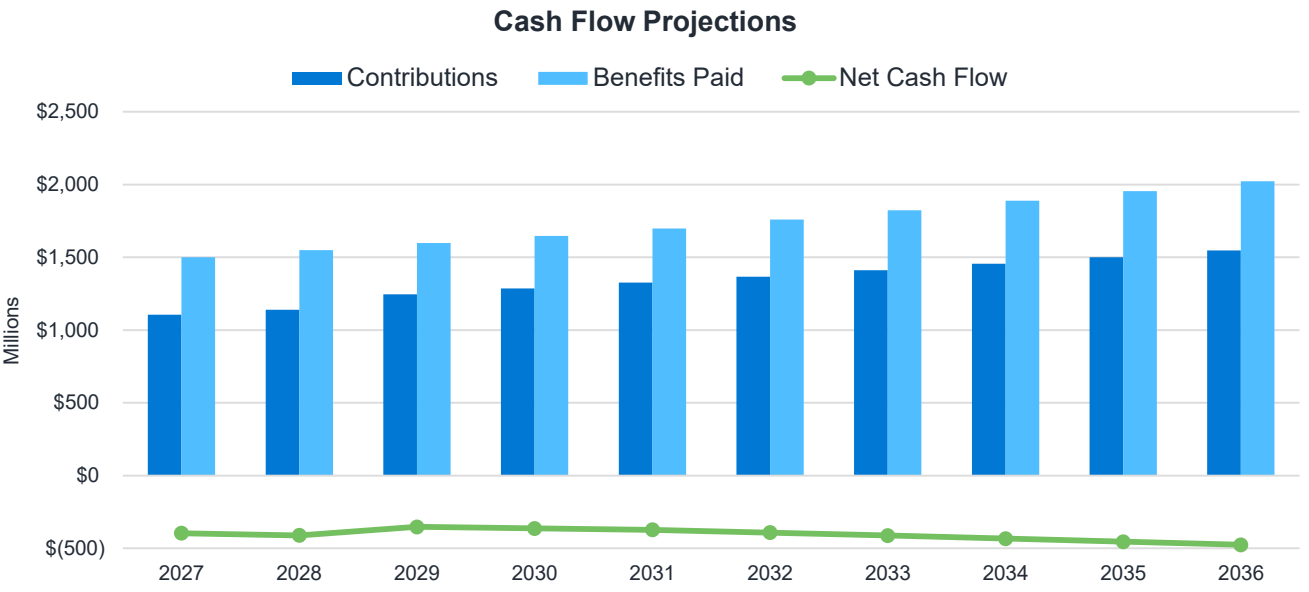
Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2027	$ 1,104.4	$ 1,500.8	$ (396.4)
2028	1,139.2	1,549.6	(410.4)
2029	1,245.7	1,598.6	(352.9)
2030	1,285.0	1,647.6	(362.6)
2031	1,325.5	1,698.1	(372.6)
2032	1,367.2	1,758.7	(391.5)
2033	1,410.3	1,822.5	(412.2)
2034	1,454.7	1,888.2	(433.5)
2035	1,500.5	1,954.4	(453.9)
2036	1,547.8	2,022.9	(475.1)

Notes:

1. This table only shows cash flows for PERSI pension benefits.
2. Projected contributions are based on the currently scheduled contribution rates.
3. A negative cash flow means a portion of the Plan's investment income will need to be used to cover expected benefit payments. This could impact the Plan's future asset allocations and asset liquidity needs.
4. Projected benefits paid only includes benefits paid to members included in this valuation. No adjustments are made for benefits paid to future new members. Also, these projected benefits paid don't include future payments to members who terminated prior to the valuation date with a non-vested benefit but have not yet taken a refund of their employee contributions.

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Notes:

1. This table only shows cash flows for PERSI pension benefits.
2. Projected contributions are based on the currently scheduled contribution rates.
3. A negative cash flow means a portion of the Plan's investment income will need to be used to cover expected benefit payments. This could impact the Plan's future asset allocations and asset liquidity needs.
4. Projected benefits paid only includes benefits paid to members included in this valuation. No adjustments are made for benefits paid to future new members. Also, these projected benefits paid don't include future payments to members who terminated prior to the valuation date with a non-vested benefit but have not yet taken a refund of their employee contributions.

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7. Risk Disclosure

The purpose of this section is to identify, assess, and provide illustrations of risks that are significant to the Plan, and in some cases to the Plan's members.

In addition, as plans mature, they accumulate larger pools of assets and liabilities. This increases the potential risk to plan funding and the finances of those who are responsible for plan funding. As shown by the Asset Volatility Ratio discussed later in this section, the Plan's assets are now much larger compared to payroll than in the past. The Asset Volatility Ratio example shows that because of this, a 10% investment loss on assets today costs about seventeen times as much, when measured as a percent of payroll, than a 10% investment loss would have cost in 1968. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the plan is today, and how mature it may become in the future.

The results of any actuarial valuation are based on one set of assumptions. Although we believe the current assumptions for the Plan provide a reasonable estimate of future expectations, it is almost certain that future experience will differ from the assumptions to some extent. It is therefore important to consider the potential impacts of these potential differences between assumptions and experience when making decisions that may affect the future financial health of the Plan, or of the Plan's participants.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

This Section uses the framework of ASOP 51 to communicate important information about significant risks to the Plan, the Plan's maturity, and relevant historical Plan data.

Identification of Risks

There are a number of factors that affect future valuation results. To the extent actual experience for these factors varies from the assumptions, this will likely cause either increases or decreases in the Plan's future funding level and calculated contribution rates. Examples of factors that can have a significant impact on valuation results are:

- Investment return as this will impact the level of assets available to pay benefits.
- PAAs as discretionary PAAs increase the cost of the Plan.
- Payroll variation as this will impact the ability to finance unfunded amounts as a percent of future pay.
- Salary variation as this will impact the size of benefits members receive as a percent of final earnings.
- Mortality as this will impact how long retirees receive benefits.
- Service retirement as this will impact: how long retirees receive benefits, the size of retiree benefits, the amount of time to receive employer and employee contributions, and the amount of time for investment earnings to accumulate on those contributions.
- Termination (members leaving active employment for reasons other than death, disability, or service retirement) as this will impact the size of those members' benefits.

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Investment Return

Of the factors listed above, we believe the factor with the greatest potential risk is future investment returns. For example, based on current assumptions, including a 6.50% investment return (net of all expenses), the UAAL is expected to be fully paid off over the next 5.5 years – well within the statutory limit of 25 years. However, if the Plan has a low investment return year in 2027, this could quickly change. Specifically, an asset return of -8.7% in fiscal year 2027 would raise that amortization period above the 25-year statutory limit and require a contribution rate increase. Assuming returns are normally distributed with a mean of 6.50% and a standard deviation of 13.00%, we calculate that there is a 12% probability of the asset return in 2027 being -8.7% or less. Table C-13, in the Appendices of this report, shows how investment returns have varied since 1968.

The plan's target allocation represents a balance of risk and return. Investing in lower-returning asset classes should reduce future investment returns and therefore increase future contribution rates, but the lower risk levels might result in lower year-over-year volatility in contribution rates. Conversely, investing in higher-returning asset classes should increase future investment returns and therefore reduce future contribution rates, but might also increase the volatility of those contribution rates.

If the plan were invested in a low-default-risk portfolio (e.g.,100% in the Bond Buyer GO 20-Bond Municipal Index), it would impact the investment earnings assumption and therefore the actuarial accrued liability, funded ratio, and ultimately the contribution rates; the volatility of the contribution rates would also change based on the risk level of the portfolio:

July 1, 2026	Bond Buyer Index[1]	Plan's Current Assumption
Investment Earnings Assumption[2]	4.58%[3]	6.50%
Actuarial Accrued Liability	$35.8 billion[4]	$28.1 billion

[1] This would be considered a "low-default-risk obligation measure (LDROM)" using the language of ASOP No. 4.

[2] Net of all expenses including 0.05% of assumed administrative expenses.

[3] July 1, 2026, rate of 4.63% net of the 0.05% administrative expense assumption.

[4] Calculated using the same actuarial assumptions and methods that were used for this valuation, except for the interest rate.

The Bond Buyer Index example helps the reader understand the cost of investing in an all-bond portfolio and significantly lowering expected long-term investment returns. The Plan's current assumption reflects the actual investment portfolio. Benefit security for members of the Plan relies on a combination of the assets in the Plan, the investment returns generated on those assets, and the promise of future contributions from the Plan sponsors.

Since the assets of the Plan are not invested in an all-bond portfolio, the Bond Buyer Index example does not indicate the funding status or progress, nor provide information on necessary Plan contributions or the security of participant benefits. The difference between the Plan's current assumption and the Bond Buyer Index example can be thought of as representing the expected taxpayer savings from investing in the Plan's diversified portfolio compared to investing only in high quality bonds.

Postretirement Benefit Increases (Postretirement Allowance Adjustments or PAAs)

PERSI members receive an automatic PAA each year of up to 1.00%. If CPI-U is greater than 1.00% in a year, the Board has the authority to grant a discretionary PAA to make up the difference (see Appendix B for more details). Considering the risk disclosures recommended by ASOP 51, we include the following hypothetical to illustrate the sensitivity of a higher PAA assumption. If the annual PAA assumption used in the liabilities and costs calculated in this report were raised from 1.00% to 2.00% per year (i.e., 2% annual PAA for the entirety of the

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Plan's life), we estimate that it would increase the UAAL as of July 1, 2026, by $2.8 billion above the $1.4 billion shown in this report.

Demographic Experience

While investment returns and discretionary PAAs have historically caused some of the greatest deviations from expected experience, there are many other assumptions made in an actuarial valuation. For these assumptions, differences between actual and assumed experience will also result in actuarial gains and losses. Table 2, in Section 1 of this report, provides a look at the impact in recent years of actual experience deviating from assumed.

Asset Volatility Ratios and Liability Volatility Ratios

The magnitude of any contribution rate increase or decrease is affected by the plan's maturity level. As plans mature, they accumulate larger pools of assets. Gains and losses on these larger pools of assets create more volatility in the contributions needed to fund the plan.

One indicator of this potential volatility is the Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll. As assets grow compared to payroll, any percentage gain or loss on those assets will be larger compared to payroll. This causes any resulting changes in required contributions from those gains or losses to also be larger when measured as a percent of payroll. Therefore, plans with a high AVR will be subject to a greater level of volatility in required contributions. The AVR is a current measure since it is based on the current level of assets and will vary from year to year. The current AVR for PERSI is 5.3, which is significantly higher than the AVR in 1968 of 0.3.

Another measure of a plan's maturity is the Liability Volatility Ratio (LVR), which is equal to the AAL divided by the total payroll. This ratio provides an indication of the potential contribution volatility due to liability experience (gains and losses) and liability re-measurements (assumption changes). For PERSI, the current LVR is 5.6.

Historical and Projected Cash Flows

One way to assess future risks is to look at historical measurements. Table 13, in Section 6 of this report, summarizes the System's historical cash flows for the last 10 years and the projected cash flows for the next 10 years. Additional historical information can be found in Appendix C.

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Appendices



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Appendix A Actuarial Procedures and Assumptions

The actuarial procedures and assumptions used in this valuation are described in this section. The economic, mortality, and demographic assumptions were changed as of July 1, 2025, based on our 2025 Experience Study.

The mortality assumptions are based on the Pub 2010 Mortality Tables with generational mortality improvement adjustments, as described in this section.

The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of the Plan and of the Plan itself in areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the Plan's benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed. The other rates were developed from the experience of the Plan and are illustrated in Tables A-2 through A-9, as noted.

Tables A-2 and A-3 present the expected annual percentage increase in salaries. Table A-9 presents the probability of vesting upon termination. The other tables in this section give rates of decrement expressed as percentages.

Actuarial Cost Method

The actuarial valuation is prepared using the individual entry age actuarial cost method. In August 2013 the Board adopted this new cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the unfunded actuarial accrued liability (UAAL). The UAAL, if positive, is amortized as a level percentage of the projected salaries of present and future members of the System during various amortization periods. In effect, this means that UAAL amortization payments are assumed to grow at the same rate as the General Wage increase assumption (currently 3.15%).

The normal cost rates used in this valuation were calculated based on all current active members as of July 1, 2026. The normal cost and projected salaries for fiscal year 2027 for all active members were calculated. The ratio of the two is the aggregate normal cost rate. Separate normal cost rates for each type of employee are shown in Table 10.

Records and Data

The data used in this valuation consist of financial information and the age, service, and income records for contributing and former contributing members and their survivors. All of the data were supplied by the System and are accepted for valuation purposes without audit but were reviewed for reasonableness. See table C-12 for a summary of adjustments made to the data supplied by PERSI as part of the valuation.

Growth in Membership

For benefit determination purposes, no growth in the membership of the Plan is assumed. For funding purposes, the total payroll of covered members is assumed to grow at 3.15% annually due to the combined effects of future wage increases of current active members and the replacement of the current active members by new employees. No growth in the total number of active members is assumed.

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Employer Contributions

The employer contribution rate has been set by the Retirement Board effective July 1, 2026, at 13.98% for fire and police members, 11.96% for general members, and 13.48% for teachers. These are assumed to change according to the schedule shown in Table 11.

ORP Contributions

Effective July 1, 2025, the university ORP members' salaries are not used to finance the actuarial accrued liability.

Member Contributions

The member contribution rate is set by law to be 60% of the employer contribution rate for all members except fire and police members, whose member contribution rate is set at 72% of the employer rate (prior to the 0.10% increase for the death benefit for fire and police members). After the 72% is applied, the safety member rates are increased by 0.36% for the member-paid duty disability benefit. As of July 1, 2026, the member contribution rates are 10.36% for fire and police members, 7.18% for general members, and 8.08% for teachers. These are assumed to change according to the schedule shown in Table 11.

Valuation of Assets

All assets are valued at market as of the valuation date. The market-value valuation basis for all assets was effective July 1, 1994.

Investment Earnings and Expenses

The future investment earnings of the assets of the Plan are assumed to accrue at an annual rate (net of investment expenses) of 6.55%, compounded annually. Investment earnings of 0.05% are assumed sufficient to cover the general administrative expenses of the Plan giving an investment earning assumption (net of all expenses) of 6.50%. These rates were adopted July 1, 2025.

Postretirement Benefit Increases

A nondiscretionary postretirement increase of 1% per year is assumed.

The purpose of this report is to calculate the statutorily required minimum contribution rates and to compare the current contribution rates to this statutory minimum. Per statute, when calculating this minimum, the cost of additional PAAs (above the 1.00% automatic) are not included in the liabilities until they are granted by the Board. This also allows the Board to consider the cost of each potential additional PAA one year at a time. Therefore, in this valuation report, we assume that future PAAs will be 1.00% per year.

Cash Refund Benefits

Members receiving retirement benefits will not receive less than each member's accumulated member contributions at retirement. For the fraction of active and inactive members who are assumed to elect a joint annuity benefit, this is approximated in the valuation using a three year certain period.

Interest on Employee Contributions

The credited interest rate on employee contributions is assumed to be 8.75%. The actual credited interest rate will depend on the returns earned by the Plan's assets. The Board's current policy is to credit interest during each calendar year equal to the greater of: 1) 90% of PERSI's actual rate of return, net of expenses for the prior fiscal year (ending June 30), or 2) 1.0%.

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Future Salaries

The rates of annual salary increase assumed for the purpose of the valuation are illustrated in Tables A-2 and A-3. The current assumptions for promotions and longevity were adopted July 1, 2025. In addition to increases in salary due to promotions and longevity, 3.15% per annum rate of increase in the general wage level of the membership is assumed, adopted July 1, 2025.

Retirement

After members attain age 55 (50 for fire and police) and have five years of service, they may retire early with a reduced benefit. These early retirement rates are shown in Table A-6.

During the year after first satisfying the age and service requirements for unreduced benefits, whether for service or early retirement, members are assumed to retire at the rates shown in Table A-4. After the first year of eligibility, members are assumed to retire at the rates shown in Table A-5.

All general members who attain or who have attained age 75 in active service and all other members who have attained age 70 in active service are assumed to retire immediately (regardless of service).

The assumptions regarding termination of employment, early retirement, and unreduced service retirement are treated as a single set of decrements with regard to a particular member. For example, a teacher member hired at age 30 could be expected to possibly withdraw from the Plan due to death, disability, or other termination of employment until age 55. After age 55, the member could still withdraw due to death or disability. From age 55-60, the member could also withdraw with an early retirement and a reduced benefit, as shown in Table A-6. At age 60 (Rule of 90), the member is first eligible to retire with an unreduced benefit. The probability of retiring at age 60 is shown in Table A-4. Thereafter, the probabilities of retirement for this member are indicated in Table A-5. Thus, in no year during the member's projected employment would more than one of the decrements shown in Tables A-8, A-4, A-5, or A-6 be applied.

Tables A-4, A-5, and A-6 were revised July 1, 2025.

Disability

The rates of disability used in the valuation are illustrated in Table A-7. These rates were revised July 1, 2025.

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Mortality

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service, and beneficiaries. These rates were adopted July 1, 2025.

Group	Base Mortality Tables + Adjustments
General Male Annuitant & Male Beneficiaries	Pub-2010, amount-weighted, general, male, annuitant table increased 11%
General Male Non-Annuitant	Pub-2010, amount-weighted, general, male, employee table
General Female Annuitant & Female Beneficiaries	Pub-2010, amount-weighted, general, female, annuitant table increased 21%
General Female Non-Annuitant	Pub-2010, amount-weighted, general, female, employee table
Teacher Male Annuitant	Pub-2010, amount-weighted, teacher, male, annuitant table increased 12%
Teacher Male Non-Annuitant	Pub-2010, amount-weighted, teacher, male, employee table
Teacher Female Annuitant	Pub-2010, amount-weighted, teacher, female, annuitant table increased 21%
Teacher Female Non-Annuitant	Pub-2010, amount-weighted, teacher, female, employee table
Fire & Police Male Annuitant	Pub-2010, amount-weighted, safety, male, annuitant table increased 21%
Fire & Police Male Non-Annuitant	Pub-2010, amount-weighted, safety, male, employee table
Fire & Police Female Annuitant	Pub-2010, amount-weighted, safety, female, annuitant table increased 26%
Fire & Police Female Non-Annuitant	Pub-2010, amount-weighted, safety, female, employee table
Disabled Male	Pub-2010, amount-weighted, general, male, disabled table increased 38%
Disabled Female	Pub-2010, amount-weighted, general, female, disabled table increased 36%

All mortality tables are adjusted with generational projection scales. The projection scales are calculated at each age as the 60-year geometric average of the mortality improvement rates reported by the Social Security Administration from 1959 through 2019 (blended 50% female, 50% male).

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Other Employment Terminations

Table A-8 shows the rates assumed in this valuation for future withdrawal from active service for reasons other than death, disability, or retirement. These rates were revised July 1, 2025.

Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further benefits, or they may leave their contributions with the Plan. Former contributing members whose contributions are on deposit may later elect to receive a refund, may return to work, or may remain inactive until becoming eligible to receive a retirement benefit. Table A-9 shows the assumed probability, for this valuation, that a member will choose to retain their membership in the Plan by not withdrawing their contributions upon termination of service. This is referred to as the probability of vesting.

All terminating members who are not eligible for vested benefits are assumed to withdraw their contributions immediately.

Death Benefit Elections

If death occurs in active or disability retirement status, 20% of all members are assumed to have eligible surviving spouses that elect to receive an annuity death benefit (the other 80% are assumed to be paid a lump sum death benefit). Male members are assumed to have a female spouse that is two years younger, and female members are assumed to have a male spouse that is 2 years older.

Form of Payment

Upon commencement, members are assumed to elect annuity payment forms at the following rates:

- 30% will elect a 100% contingent annuitant allowance
- 15% will elect a 50% contingent annuitant allowance
- 55% will elect a regular retirement allowance

These rates were adopted July 1, 2025.

Fire and Police Duty Death and Disability

For the Fire and Police active members, 7% of deaths are assumed to be duty related. 35% of disabilities are assumed to be duty related, with 30% of these assumed to be catastrophic disabilities. These assumptions were adopted July 1, 2026.

The floor on line of duty death and catastrophic disability benefits is increased on March 1st every four years for indexing (as described in Appendix B). For this valuation, we assumed an indexing effective date of July 1st for simplicity.

Inactive Members

For vested inactive members not currently receiving benefits, the present value of benefits is determined based on the estimated benefit payable for retirement at the later of the member's current age or age 63 (age 57 for fire and police members). This assumption was adopted July 1, 2025.

For non-vested inactive members not currently receiving benefits, the present value of benefits is equal to the accumulated member contributions.

Return to Work

We assume retired members will not return to work with the following exceptions:

Idaho Statute 59-1356(4), which allows certain teachers to return to work and continue receiving their benefit, likely has had an impact on teacher retirement patterns which are built into the retirement rates in Tables A-4,

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A-5, and A-6. We have made no adjustments to the valuation for the additional employer contributions that will be collected during this return to work period.

Idaho Statute 59-1356(6), which allows certain fire and police members to return to work and continue receiving their benefit through June 30, 2027, is likely to have an impact on retirement patterns. The following adjustments are made to the fire and police retirement rates to anticipate its impact:

- For fiscal year beginning 2023, fire and police retirement rates for ages 50-59 for a member eligible for unreduced retirement (Table A-4) are increased by a factor of 1.45 (but no greater than 100%).
- For fiscal years beginning 2024-2026, fire and police retirement rates for ages 50-59 in the first year a member becomes eligible for unreduced retirement are increased by a factor of 1.45 (but no greater than 100%).
- For fiscal years beginning 2024-2026, fire and police retirement rates for ages 50-59 for the second and later years a member is eligible for unreduced retirement (Table A-5) are increased by a factor of 1.15 (but no greater than 100%).
- These factors are based on the assumption that as soon as active fire and police members become eligible for unreduced retirement and this statute, they will utilize it at higher rates. We assume a drop-off in the rates if they don't return to work the first year they meet the criteria of this statute. It's also based on the assumption that the younger eligible members are those most likely to utilize this statute, so we limited the increased retirement rates to members under age 60.

In addition, fire and police members who return to work under Idaho Statute 59-1356(6), are assumed continue working until the earlier of July 1, 2027, or age 60, at which point they will cease working to continue receiving their retirement benefits. We have reduced the active member liabilities for the future normal cost rates that are anticipated to be covered by employer and member contributions due to future retirees utilizing this statute.

Mixed Service

This valuation assumes members will not switch classes after the valuation date. For members that have done so previously and have mixed service as of the valuation date, they are treated, for purpose of this valuation, as if all of their service was for the class they are a part of as the valuation date.

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Table A-1
Summary of Valuation Assumptions

July 1, 2026

I. Economic Assumptions

A. General wage increases	3.15%
B. Investment earnings (net of expenses)	6.50
C. Payroll growth	3.15
D. Postretirement benefit increases	1.00
E. Inflation	2.40
F. Credited interest rate on employee contributions	8.75

II. Demographic Assumptions

A. Salary increases	Table A-2, A-3
B. Retirement	Table A-4, A-5, A-6
C. Disability	Table A-7

D. Mortality among contributing members, retired members, and beneficiaries

Group	Base Mortality Tables + Adjustments
General Male Annuitant & Male Beneficiaries	Pub-2010, amount-weighted, general, male, annuitant table increased 11%
General Male Non-Annuitant	Pub-2010, amount-weighted, general, male, employee table
General Female Annuitant & Female Beneficiaries	Pub-2010, amount-weighted, general, female, annuitant table increased 21%
General Female Non-Annuitant	Pub-2010, amount-weighted, general, female, employee table
Teacher Male Annuitant	Pub-2010, amount-weighted, teacher, male, annuitant table increased 12%
Teacher Male Non-Annuitant	Pub-2010, amount-weighted, teacher, male, employee table
Teacher Female Annuitant	Pub-2010, amount-weighted, teacher, female, annuitant table increased 21%
Teacher Female Non-Annuitant	Pub-2010, amount-weighted, teacher, female, employee table
Fire & Police Male Annuitant	Pub-2010, amount-weighted, safety, male, annuitant table increased 21%
Fire & Police Male Non-Annuitant	Pub-2010, amount-weighted, safety, male, employee table
Fire & Police Female Annuitant	Pub-2010, amount-weighted, safety, female, annuitant table increased 26%
Fire & Police Female Non-Annuitant	Pub-2010, amount-weighted, safety, female, employee table
Disabled Male	Pub-2010, amount-weighted, general, male, disabled table increased 38%
Disabled Female	Pub-2010, amount-weighted, general, female, disabled table increased 36%

All mortality tables are adjusted with generational projection scales. The projection scales are calculated at each age as the 60-year geometric average of the mortality improvement rates reported by the Social Security Administration from 1959 through 2019 (blended 50% female, 50% male).

E. Other terminations of employment	Table A-8
F. Probability of Vesting	Table A-9

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Table A-2
Future Salaries

Years of Service	Annual Increase in Salary Due to Promotions and Longevity				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
0	17.11%	13.59%	15.87%	16.40%	15.88%
1	7.65	5.77	7.07	5.76	5.48
2	5.44	3.81	4.77	4.77	4.83
3	5.11	3.30	4.31	4.27	4.60
4	3.62	2.89	3.56	3.87	4.25
5	3.38	2.59	3.29	3.87	4.19
6	3.15	2.28	3.02	3.87	4.12
7	2.91	1.98	2.74	3.87	4.05
8	2.67	1.67	2.47	3.87	3.99
9	2.43	1.37	2.20	3.87	3.92
10	2.12	1.28	2.05	3.45	3.60
11	1.81	1.20	1.91	3.04	3.27
12	1.50	1.12	1.77	2.63	2.95
13	1.18	1.04	1.62	2.22	2.63
14	0.87	0.96	1.48	1.80	2.30
15	0.87	0.84	1.37	1.70	2.05
16	0.87	0.73	1.26	1.61	1.80
17	0.87	0.61	1.14	1.51	1.56
18	0.87	0.50	1.03	1.41	1.31
19	0.87	0.39	0.92	1.31	1.06
20	0.87	0.38	0.86	1.14	0.99
21	0.87	0.36	0.79	0.97	0.92
22	0.87	0.35	0.73	0.79	0.85
23	0.87	0.34	0.66	0.62	0.78
24	0.87	0.33	0.60	0.45	0.72
25 or more	0.79	0.24	0.45	0.45	0.56

Increases from the above table are applied based on the member's rounded service as of the beginning of each year.

In addition to increases in salary due to promotions and longevity, 3.15% per annum rate of increase in the general wage level of the membership is assumed.

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Table A-3
Future Salaries
(including general wage increases)

Years of Service	Total Annual Increase in Salary[1]				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
0	20.80%	17.17%	19.52%	20.06%	19.53%
1	11.05	9.10	10.44	9.09	8.80
2	8.76	7.08	8.07	8.07	8.13
3	8.42	6.56	7.60	7.56	7.90
4	6.89	6.14	6.82	7.14	7.54
5	6.64	5.82	6.54	7.14	7.47
6	6.39	5.51	6.26	7.14	7.40
7	6.15	5.19	5.98	7.14	7.33
8	5.90	4.87	5.70	7.14	7.26
9	5.65	4.56	5.42	7.14	7.19
10	5.33	4.47	5.27	6.71	6.86
11	5.01	4.39	5.12	6.29	6.53
12	4.69	4.31	4.97	5.86	6.19
13	4.37	4.22	4.82	5.43	5.86
14	4.05	4.14	4.67	5.01	5.53
15	4.05	4.02	4.56	4.91	5.27
16	4.05	3.90	4.45	4.81	5.01
17	4.05	3.78	4.33	4.71	4.75
18	4.05	3.67	4.22	4.60	4.50
19	4.05	3.55	4.10	4.50	4.24
20	4.05	3.54	4.03	4.32	4.17
21	4.05	3.53	3.97	4.15	4.10
22	4.05	3.51	3.90	3.97	4.03
23	4.05	3.50	3.83	3.79	3.96
24	4.05	3.49	3.77	3.61	3.89
25 or more	3.97	3.40	3.61	3.61	3.73

1. The total expected increase in salary is the increase due to promotions and longevity, shown in Table A-2, adjusted for an assumed 3.15% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.

Increases from the above table are applied based on the member's rounded service as of the beginning of each year.

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Table A-4
Immediate Retirement

	Retirement Rates in First Year Eligible for Unreduced Benefits				
	Fire and	General Employees		Teachers	
Age	Police	Men	Women	Men	Women
55[1]	33%	48%	22%	44%	43%
56	25	22	15	44	43
57	28	31	21	44	37
58	29	22	24	34	41
59	29	28	24	42	40
60	19	27	31	44	38
61	23	19	27	38	44
62	23	32	37	59	53
63	23	35	31	54	56
64	23	43	31	49	51
65	47	32	37	28	45
66	47	20	29	30	36
67	47	20	29	30	36
68	47	20	29	30	36
69	47	20	29	30	36
70	[2]	19	25	[2]	[2]
71		19	25		
72		19	25		
73		19	25		
74		19	25		
75		[2]	[2]		

1. 29% rate assumed for fire and police members eligible for age 50, 34% for age 51, 31% for age 52, 29% for age 53, and 34% for age 54.

2. For all ages older than the age indicated, retirement is assumed to occur immediately.

Rates from the above table are applied based on the member's rounded age as of the beginning of each year.

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Table A-5
Service Retirement

	Retirement Rates Among Persons Who Have Been Eligible for Unreduced Benefits for At Least One Year				
	Fire and	General Employees		Teachers	
Age	Police	Men	Women	Men	Women
55[1]	20%	N/A	N/A	N/A	N/A
56	26	8%	11%	21%	33%
57	23	11	14	26	38
58	20	15	19	30	26
59	23	19	15	27	24
60	21	16	15	37	30
61	18	21	20	26	30
62	22	28	27	55	39
63	22	28	26	41	36
64	21	26	33	36	34
65	34	41	44	43	50
66	32	32	37	38	43
67	24	25	28	34	37
68	37	21	28	29	33
69	29	25	25	24	27
70	[2]	25	27	[2]	[2]
71		25	22		
72		19	23		
73		23	25		
74		25	21		
75		[2]	[2]		

1. 26% rate assumed for fire and police members eligible from age 51, 19% for age 52, 17% for age 53, and 23% for age 54.

2. For all ages older than the age indicated, retirement is assumed to occur immediately.

Rates from the above table are applied based on the member's rounded age as of the beginning of each year.

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Table A-6
Early Retirement

	Retirement Rates Among Persons Eligible for Reduced Early Retirement Benefits				
	Fire and	General Employees		Teachers	
Age	Police	Men	Women	Men	Women
50	6.1%				
51	6.7				
52	6.4				
53	8.5				
54	9.2	(1)	(1)	(1)	(1)
55	9.7	4.1%	5.2%	3.2%	4.3%
56	9.0	4.2	4.7	4.1	5.5
57	9.5	4.1	5.4	6.1	5.4
58	7.1	5.3	5.2	7.1	6.1
59	9.1	6.9	6.3	7.7	7.9
60		6.2	8.2	10.6	10.6
61		9.1	9.1	10.4	11.6
62		16.5	16.4	19.2	17.1
63		13.4	14.9	16.9	16.1
64		17.0	18.0	18.0	20.4

1. Not eligible for retirement.

Rates from the above table are applied based on the member's rounded age as of the beginning of each year.

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Table A-7
Disability

	Annual Rates				
	Fire and	General Employees		Teachers	
Age	Police	Men	Women	Men	Women
20	0.012%	0.004%	0.005%	0.003%	0.014%
25	0.012	0.004	0.005	0.003	0.014
30	0.021	0.004	0.005	0.003	0.014
35	0.023	0.031	0.013	0.013	0.020
40	0.071	0.034	0.038	0.028	0.033
45	0.119	0.058	0.074	0.032	0.070
50	0.248	0.124	0.113	0.075	0.116
55	0.314	0.223	0.187	0.275	0.203
60	0.000	0.238	0.189	0.271	0.243

Rates from the above table are applied based on the member's rounded age as of the beginning of each year.

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Table A-8
Other Terminations of Employment

Years of Service	Annual Rates				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
0	18.2%	22.8%	23.7%	15.2%	13.8%
1	13.9	17.9	20.2	13.7	13.1
2	10.5	14.3	16.1	10.5	11.5
3	9.0	11.2	13.0	8.4	9.3
4	7.7	10.4	11.5	6.7	7.7
5	7.1	9.5	10.7	6.2	7.1
6	6.5	8.5	9.9	5.7	6.5
7	5.9	7.5	9.1	5.2	5.8
8	5.3	6.5	8.3	4.7	5.2
9	4.7	5.5	7.5	4.2	4.5
10	4.3	5.2	6.9	3.7	4.1
11	4.0	5.0	6.3	3.3	3.6
12	3.7	4.7	5.7	2.8	3.2
13	3.3	4.5	5.1	2.4	2.8
14	3.0	4.3	4.5	1.9	2.3
15	2.7	3.9	4.3	1.9	2.2
16	2.4	3.6	4.1	1.9	2.1
17	2.1	3.2	3.8	1.9	2.0
18	1.8	2.9	3.6	1.8	1.9
19	1.5	2.6	3.3	1.8	1.7
20	1.5	2.5	3.2	1.6	1.6
21	1.5	2.4	3.0	1.4	1.5
22	1.5	2.3	2.9	1.2	1.3
23	1.5	2.3	2.7	1.0	1.2
24	1.5	2.2	2.6	0.8	1.1
25	1.5	1.9	2.5	0.8	0.9

Rates from the above table are applied based on the member's rounded service as of the beginning of each year.

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Table A-9
Probability of Vesting

	Probabilities of Vesting				
	Fire and	General Employees		Teachers	
Age	Police	Men	Women	Men	Women
25	66%	71%	78%	83%	81%
30	67	78	80	86	88
35	68	81	81	84	88
40	75	80	78	83	88
45	80	83	83	84	89
50	N/A	85	89	88	92
55	N/A	N/A	N/A	N/A	N/A

Rates from the above table are applied based on the member's rounded age as of the beginning of the year of termination.

Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further benefits, or they may leave their contributions with the Plan. Former contributing members whose contributions are on deposit may later elect to receive a refund, may return to work, or may remain inactive until becoming eligible to receive a retirement benefit. Table A-9 shows the assumed probability, for this valuation, that a member will choose to retain their membership in the Plan by not withdrawing their contributions upon termination of service. This is referred to as the probability of vesting.

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Appendix B Provisions of Governing Law

All actuarial calculations are based on our understanding of the statutes governing the Public Employee Retirement System of Idaho, as contained in Sections 59-1301 through 59-1399, inclusive, of the Idaho Code, with amendments effective through July 1, 2026. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the Idaho Code. This summary does not attempt to cover all the detailed provisions of the law. Only those benefits in effect through July 1, 2026, are considered in this valuation. The items in parentheses are the provisions applicable to firefighters and police officers.

Effective Date

The effective date of the Retirement System was July 1, 1965.

Member Contribution Rate

The member contribution rate effective July 1, 2026, is 10.36% for fire and police members, 7.18% for general members, and 8.08% for teachers.

The member contribution rate is fixed at 60% (72%) of the employer contribution rate. For firefighters and police officers, the 72% adjustment is applied after reducing the employer rate by 0.10% for the 2003 addition of a $100,000 death benefit for fire and police members who die in the line of duty. After the 72% is applied, the resulting rate is increased by 0.36% for the duty disability benefit. Member contributions have been “picked up” on a pre-tax basis by the employer since June 30, 1983 (Sections 59-1331 and 59-1332).

Employer Contribution Rate

The employer contribution rate is set by the Retirement Board (Section 59-1322). The current rates are 13.98% for firefighters and police officers, 11.96% for general members, and 13.48% for teachers.

Service Retirement Allowance

Eligibility

Age 65 (60) with five years of service, including six months of membership service (Section 59-1341).

Amount of Allowance

For each year of credited service, the annual service retirement allowance is 2.0% (2.3%) of the highest 42-month average salary (Section 59-1342).

Minimum Benefit

$60 ($72) annual allowance for each year of service. The dollar amounts increase after 1974 according to the PAAs (Section 59-1342).

Maximum Benefit

In no case may a member's regular retirement benefit exceed the highest three-year average salary of the member (Section 59-1342).

Plus-Up Benefits *(a.k.a., late retirement increases)*

For each month of service an active member accrues after age 70 with five years of service, the member’s benefit is increased by an amount determined by the Board (Section 59-1342(7)). The current administrative rules are to increase benefits by 0.6% per month. This increase is applied after the application of the minimum and maximum benefits.

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Normal Form

Straight life retirement allowance plus any death benefit (Section 59-1351).

Optional Form

Members can elect a 100% or 50% Contingent Annuitant Allowance. They may also choose to have their benefit be adjusted such that they receive a greater amount prior to social security normal retirement age and a reduced amount after such age, such that the difference in the two amounts is approximately equal to the social security benefit to be payable at such age. These optional forms are calculated to be actuarial equivalent to the normal form under the options available, according to the mortality and interest basis adopted by the Board (Section 59-1351).

Early Retirement Allowance

Eligibility

Age 55 (50) with five years of service, including six months of membership service (contributing members only) (Section 59-1345).

Amount of Allowance

Full accrued service retirement allowance if age plus service equals 90 (80); otherwise, the accrued service retirement allowance, reduced by 3% for each of the first five years by which the early retirement date precedes the date the member would be eligible to receive the full accrued benefit, and by 5.75% for each additional year (Section 59-1346).

Vested Retirement Allowance

Eligibility

Former contributing members with five years of membership service are entitled to receive benefits after attaining age 55 (50) (Section 59-1345).

Amount of Allowance

Same as early retirement allowance (Section 59-1345).

Disability Retirement Allowance

Eligibility

Five years of membership service. For a police officer or a firefighter hired after July 1, 1993, who is disabled from an occupational cause, there is no service requirement (Section 59-1352).

Amount of Allowance

Projected service retirement allowance based on accrued service plus service projected to age 65 (60) (latter limited to excess of 30 years over accrued service) less any amount payable under workers' compensation law (Section 59-1353).

Normal Form

Temporary annuity to age 65 (60) plus any death benefit. Service retirement allowance becomes payable in the same amount at age 65 (60) (Section 59-1354).

Fire and Police Member Line of Duty Disability Benefit

Fire and Police members who are disabled in the line of duty are eligible for a $100,000 lump sum benefit, in addition to the annuity benefits discussed above (Section 59-1352A).

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Those whose disability is deemed to be "Catastrophic" are instead eligible for a $500,000 lump sum benefit. In addition, they get an annuity of the greater of the amount described above, or $75,000. The $75,000 is adjusted every four years per changes in average public safety officer benefits. If the member receives this alternative $75,000 annuity, their benefit will increase per the indexing described in the prior sentence instead of the regular PERSI postretirement allowance adjustments. The most recent adjustment was in March 2026, and the benefit is currently $87,000. In addition, a catastrophically disabled member's annuity is paid out as a 100% Contingent Annuitant Allowance without the usual reduction (Section 59-1352B).

The cost of the line of duty disability benefits are paid for entirely by safety member contributions (Sections 89-1352A and 59-1352B).

Death Benefits

After Retirement

Under the normal form of the retirement allowance, the excess, if any, of the member's accumulated contributions with interest at retirement over all payments received. Otherwise, payable according to the option elected (Section 59-1361).

Before Retirement

If a member with at least five years of service:

A. A lump sum payment is made equal to twice the accumulated contributions with interest

or

B. If the member had an eligible spouse at the time of their death, the spouse may elect to forego the lump sum and instead receive an immediate lifetime annuity. The annuity is calculated as the amount the member would have received if they had retired immediately prior to their death and elected the 100% Contingent Annuitant Allowance payment form. If the member was not yet eligible for retirement, then the annuity amount is reduced such to make it actuarially equivalent to an annuity deferred to the earliest eligible retirement age of the member (calculated as if they had separated from service immediately prior to their death) (Section 59-1361).

Fire and Police Member Line of Duty Disability Benefit

Prior to 2026, fire and police members were entitled to a $100,000 payment if death occurs in the line of duty. The cost of this base line of duty death benefit is paid for entirely by safety employer contributions (Section 59-1352B(9)).

Effective July 1, 2026, the lump sum benefit for a line of duty death was increased to $500,000. In addition, the surviving spouse, if any, is paid a lifetime annuity equal to $75,000 per year, without reduction for conversion to a 100% CA option or for commencement prior to the earliest eligible retirement age, (if this is greater than their regular death benefit). The $75,000 is indexed every four years to the average benefit received by safety members (the same as the catastrophic disability benefit floor indexing). In lieu of regular PAAs, surviving spouses receiving the $75,000 annual benefit will receive benefit increases equal to this indexing. The most recent adjustment was in March 2026, and the benefit is currently $87,000. The additional cost of the enhanced LOD death benefit, beyond the base LOD benefit, is paid for entirely by safety member contributions (Section 59-1352B).

Withdrawal Benefits

Accumulated contributions with interest (Section 59-1358). The interest rate is determined by the Board (Section 59-1301(26)).

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Postretirement Increases

Postretirement Allowance Adjustments (PAAs) are based on changes in the Consumer Price Index. The measurement period for changes in the CPI-U is from August to August. The PAA changes are implemented effective on the March 1 following the measurement period.

If the CPI-U increases by at least 1%, the PAA is at least 1%. If the CPI-U increases by more than 1%, an additional postretirement increase of up to 5% each year (but not more than the increase in the CPI-U) may be authorized by the Board, subject to the approval of the Legislature.

If the CPI-U increases by less than 1% or decreases, the PAA is automatic, based on the change in the CPI-U. If a negative PAA is applicable, the negative PAA cannot decrease benefits by more than 6%. Additionally, a negative PAA cannot decrease a member's benefit below the amount of the benefit at the initial benefit date.

If a PAA is implemented that is less than the increase in the CPI-U, members' benefits will not retain their full inflation-adjusted purchasing power. In such cases, the Board may implement a retro PAA at a later date to bring those members closer to 100% of inflation-adjusted purchasing power. As with a discretionary PAA, a retro PAA is subject to approval of the Legislature (Section 59-1355).

Gain Sharing

Beginning in 2000, under Section 59-1309, Idaho Code, the Board may allocate all or a portion of "extraordinary gains" to active and retired members and employers as Gain Sharing.

Extraordinary gains are defined as the excess, if any, at the close of the fiscal year of the assets over actuarial accrued liabilities plus an amount necessary to absorb a one standard deviation market event without increasing contribution rates, as determined by the Board. Under the Board's current investment policy, assets in excess of a 113% funded ratio are considered extraordinary gains. The Board has the authority to rescind the Gain Sharing up to the date of distribution.

Return to Work

Under Section 59-1356, Idaho Code, if a retired member is reemployed by a PERSI employer, their retirement benefits cease, contributions (both employer and member) restart, and the member begins accruing a new benefit. Section 59-1356 lays out the following exceptions to this rule.

If a retired member becomes re-employed, at least 6 months after retirement, as a result of being elected to public office (other than an office held prior to retirement) the member may elect to continue receiving retirement benefits. In which case, no contributions will be made by the member or employer, and the member will not accrue additional benefits.

If a teacher who retired (without a promise of reemployment) after age 60 or a public safety officer is reemployed as a teacher at least 90 days after their retirement and was receiving an unreduced service retirement benefit, the member may elect to continue receiving retirement benefits. In which case, no contributions will be made by the member (the employer still makes contributions), and the member will not accrue additional benefits.

If a member who retired (without a promise of reemployment) after age 55 and before January 1, 2026, is reemployed at least 90 days after their retirement, the member may elect to continue receiving retirement benefits. In which case, no contributions will be made by the member (the employer still makes contributions), and the member will not accrue additional benefits.

Effective July 1, 2023, if a police officer or firefighter who retired (without a promise of reemployment) after age 50, is reemployed at least 30 days after their retirement, the member may elect to continue receiving retirement benefits. In which case, contributions restart (both employer and member) at the fire and police rate (even if reemployed as a teacher or general member), but the member will not accrue additional benefits. This exception expires on July 1, 2027.

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Appendix C Valuation Data and Comparative Schedules

This valuation is based on the membership of the Plan as of June 30, 2026. We relied on data supplied by the System. If there are material defects in the data, it is possible they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

The membership of the Plan includes employees of the State of Idaho and participating political subdivisions. The membership is divided into three categories:

1. Fire and Police
   Firefighters, Idaho state police, county law enforcement, city law enforcement, conservation officers, employees of the department of correction, employees of the adjutant general and military division, magistrates of the district courts, court employees responsible for court security or transportation of prisoners, employees certified by the Idaho department of health and welfare as an emergency medical technician, criminal investigators of the attorney general's or prosecuting attorney's office, and the director of security and the criminal investigators of the Idaho state lottery (Section 59-1302(16) and 59-1303)
2. Teachers
   Any employee of any school district or charter school employed as instructional staff, pupil service staff, or professionally endorsed staff, any staff holding a teacher certificate, school bus drivers, and resource officers (Section 59-1302(31A))
3. General Employees
   All other employees eligible for participation in the System including other state employees and general employees of the political subdivisions, local school districts, and colleges and universities

The data for all contributing members, former contributing members, and their survivors are summarized in Table C-1. Table C-2 summarizes their age and service statistics. Table C-3 summarizes the active members by age groups.

Detailed statistics regarding the distributions of members receiving service or disability retirement benefits, beneficiaries of deceased members, and active members in each category of membership have been reported separately to the System.

Tables C-4 through C-7 summarize the experience of the System since June 30, 1968. Earlier data are not comparable, since the Idaho Teachers' Retirement System merged with the Public Employee Retirement System of Idaho just prior to that date.

Table C-4 shows a summary of the active members and the annuitants covered as of the various valuation dates.

Table C-5 summarizes the contribution rates, the amortization period, and the UAAL determined at each annual actuarial valuation.

Table C-6 presents a brief history of the financial experience of the System's investments.

Any review of these comparative schedules should be made in light of Tables C-7, C-8, C-9, and C-10, which show the significant changes affecting the actuarial valuations in recent years.

Table C-11 summarizes changes in status for active and inactive numbers and annuitants between July 1, 2025, and July 1, 2026.

Table C-12 reconciles the member records received from PERSI with the records used in the valuation and summarizes adjustments made to records with missing data.

Table C-13 summarizes the yields for various historical periods, net of investment expenses.

Table C-14 shows a history of the funded status of the plan.

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Table C-1
Summary of Membership Data

	Active Members			Annuitants		
	Number[1]	Annual Salaries in Thousands	Average Annual Salaries[2]	Number	Annual Benefits in Thousands	Average Annual Benefits
July 1, 2025						
Fire and Police	9,457	$810,905	$85,747	4,710	$176,210	$37,412
General Employees:						
Male	19,002	1,154,087	60,735	14,411	298,926	20,743
Female	28,544	1,315,178	46,075	22,682	343,600	15,149
Teachers:						
Male	5,490	400,904	73,024	4,774	164,819	34,524
Female	16,253	1,070,419	65,860	10,896	316,638	29,060
Total	78,746	$4,751,493	$60,339	57,473	$1,300,193	$22,623
July 1, 2026						
Fire and Police	9,486	$849,312	$89,533	4,917	$192,227	$39,094
General Employees:						
Male	19,052	1,209,384	63,478	14,736	315,474	21,408
Female	28,583	1,370,372	47,944	23,292	364,474	15,648
Teachers:						
Male	5,484	414,683	75,617	4,811	169,833	35,301
Female	16,280	1,118,461	68,702	11,139	333,449	29,935
Total	78,885	$4,962,212	$62,904	58,895	$1,375,457	$23,354

1. Not included in these figures are the following:

	Vested Inactive Members Not Currently Receiving Benefits					
	Number	Annual Benefits in Thousands[3]	Average Annual Benefits	Non-Vested Inactive Members	Other Inactive Members[4]	Total Inactive Members
2025	16,845	$165,020	$9,796	41,180	30	58,055
2026	17,274	$177,098	$10,252	43,677	18	60,969

2. Annualized pensionable compensation for the year ending immediately prior to the valuation date.

3. At normal retirement date.

4. These members were active with at least 5 years of service as of the valuation date, but PERSI reported their salary as zero. They were treated as vested inactive members.

Note: In 2026, 51 vested annuitants of the Firefighters' Retirement Fund were not eligible for a PERSI benefit. In 2025, 54 were not eligible.

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Table C-2
Summary of Age and Service Statistics

	Active Members					Inactive Members Not Currently Receiving Benefits	Members Receiving Service or Early Retirement Benefits			
	Vested	Non-vested	Total	Average Current Age	Average Current Service		Number	Average Current Age	Average Retirement Age	Average Service
July 1, 2025										
Fire and Police	5,747	3,710	9,457	39.4	9.5	1,142	4,710	69.0	57.0	20.5
General Employees:										
Male	10,287	8,715	19,002	46.4	8.4	4,508	14,411	74.4	63.4	18.9
Female	14,764	13,780	28,544	46.3	8.0	7,397	22,682	74.2	62.7	18.2
Teachers:										
Male	3,937	1,553	5,490	46.6	12.3	920	4,774	75.3	61.4	25.4
Female	11,106	5,147	16,253	44.9	11.1	2,878	10,896	74.2	61.3	23.6
Total	45,841	32,905	78,746	45.2	9.2	16,845	57,473	73.9	62.0	20.2
July 1, 2026										
Fire and Police	5,745	3,741	9,486	39.4	9.5	1,173	4,917	69.1	56.9	20.6
General Employees:										
Male	10,355	8,697	19,052	46.4	8.5	4,587	14,736	74.6	63.4	18.9
Female	14,866	13,717	28,583	46.3	8.1	7,596	23,292	74.5	62.8	18.2
Teachers:										
Male	3,914	1,570	5,484	46.8	12.4	932	4,811	75.6	61.4	25.2
Female	11,280	5,000	16,280	45.0	11.3	2,986	11,139	74.5	61.4	23.6
Total	46,160	32,725	78,885	45.3	9.3	17,274	58,895	74.2	62.1	20.2

Note: The averages shown in this table are for general information purposes. The valuation results depend upon the personnel data underlying the averages, rather than upon the averages themselves.

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Table C-3
Age Distribution of Active Members

	Age Groups					
	0-29	30-39	40-49	50-59	60+	Total
July 1, 2025						
Fire and Police	2,095	2,863	2,512	1,654	333	9,457
General Employees:						
Male	2,282	3,800	4,759	4,694	3,467	19,002
Female	3,256	5,468	7,597	7,528	4,695	28,544
Teachers:						
Male	393	1,161	1,616	1,659	661	5,490
Female	1,799	3,346	5,169	4,545	1,394	16,253
Total	9,825	16,638	21,653	20,080	10,550	78,746
Percentage of Total	12.48%	21.13%	27.50%	25.50%	13.40%	100.00%
July 1, 2026						
Fire and Police	2,106	2,867	2,558	1,648	307	9,486
General Employees:						
Male	2,266	3,881	4,752	4,740	3,413	19,052
Female	3,314	5,370	7,734	7,555	4,610	28,583
Teachers:						
Male	416	1,108	1,605	1,664	691	5,484
Female	1,751	3,301	5,154	4,681	1,393	16,280
Total	9,853	16,527	21,803	20,288	10,414	78,885
Percentage of Total	12.49%	20.95%	27.64%	25.72%	13.20%	100.00%

Total percentages may not add due to rounding.

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Table C-4
Membership Data

Valuation Date (July 1)	Active Members					Annuitants			
	Number	Annual Salaries in Millions	Average Annual Salary	Average Age	Average Years of Service	Number	Annual Benefits in Thousands	Average Annual Benefit	Average Age
1968	16,014	$ 95	$ 5,906	(1)	(1)	2,498	$3,207	$ 1,284	(1)
1969	19,796	124	6,247	(1)	(1)	2,977	4,351	1,462	(1)
1970	21,048	140	6,672	(1)	(1)	3,565	5,261	1,476	(1)
1971	23,505	160	6,805	(1)	(1)	4,298	6,442	1,499	(1)
1972	29,648	203	6,832	(1)	(1)	4,862	7,255	1,492	(1)
1973	30,174	219	7,255	(1)	(1)	5,659	8,494	1,501	(1)
1974	30,603	243	7,953	41.6	6.3	6,301	12,993	2,062	69.7
1975	32,545	286	8,771	41.2	6.2	7,058	15,098	2,139	69.7
1976	35,658	342	9,596	40.3	6.7	7,745	16,981	2,193	69.3
1977	37,559	381	10,135	40.1	6.7	8,573	20,172	2,353	69.5
1978	38,122	418	10,967	40.8	6.7	9,235	23,176	2,510	70.8
1979	38,848	459	11,826	40.9	6.8	9,982	26,593	2,664	71.0
1980	39,510	497	12,580	41.1	7.0	10,606	29,876	2,817	71.2
1981	40,722	550	13,518	41.2	7.0	11,279	34,073	3,021	71.3
1982	40,537	596	14,700	41.4	7.3	12,035	39,103	3,249	72.3
1983	40,495	630	15,557	41.6	7.6	12,766	44,597	3,493	71.5
1984	41,779	678	16,234	41.8	7.7	13,336	48,784	3,658	71.8
1985	42,626	739	17,336	42.0	7.9	13,955	54,583	3,911	71.9
1986	43,030	768	17,855	42.2	8.1	14,615	59,182	4,049	72.1
1987	43,843	797	18,187	42.4	8.2	15,281	64,558	4,225	72.3
1988	45,262	859	18,969	42.6	8.3	15,801	69,416	4,393	72.5
1989	46,106	911	19,763	42.9	8.4	16,344	74,809	4,572	72.7
1990	48,251	961	19,919	43.0	8.4	16,880	82,262	4,873	72.9
1991	49,854	1,039	20,842	43.1	8.4	17,464	92,040	5,270	73.2
1992	51,557	1,134	21,994	43.3	8.6	17,847	100,854	5,651	73.3

1. Not calculated.

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Valuation Date (July 1)	Active Members					Annuitants			
	Number	Annual Salaries in Millions	Average Annual Salary	Average Age	Average Years of Service	Number	Annual Benefits in Thousands	Average Annual Benefit	Average Age
1993	52,532	$1,191	$22,663	43.7	8.9	18,283	$111,545	$6,101	73.5
1994	53,763	1,254	23,322	43.9	9.0	18,683	124,254	6,651	73.4
1995	55,811	1,388	24,866	43.9	9.0	19,272	136,327	7,074	73.6
1996	56,802	1,452	25,558	44.1	9.2	19,903	148,740	7,473	73.5
1997	57,237	1,511	26,403	44.3	9.5	20,499	160,908	7,850	73.2
1998	57,528	1,562	27,156	44.6	9.7	21,134	173,519	8,210	73.2
1999	59,248	1,673	28,243	44.8	9.8	21,756	193,441	8,891	73.1
2000	60,388	1,798	29,778	45.0	9.8	22,456	209,549	9,332	73.1
2001	62,125	1,924	30,976	45.1	9.7	23,253	235,269	10,118	72.7
2002	62,376	2,036	32,641	45.4	10.0	24,018	255,374	10,633	72.7
2003	62,385	2,064	33,079	45.7	10.2	24,991	279,219	11,173	72.5
2004	63,385	2,124	33,510	45.9	10.2	26,043	307,410	11,804	72.3
2005	64,391	2,197	34,126	46.0	10.2	27,246	343,077	12,592	72.1
2006	64,762	2,294	35,427	46.2	10.4	28,438	381,677	13,421	72.0
2007	65,800	2,397	36,436	46.2	10.3	29,619	422,196	14,254	71.8
2008	66,765	2,541	38,052	46.2	10.3	30,912	459,077	14,851	71.8
2009	67,813	2,645	38,999	46.5	10.4	32,197	491,946	15,279	71.8
2010	67,020	2,622	39,130	46.7	10.6	33,625	526,020	15,644	71.3
2011	65,798	2,572	39,090	46.9	10.8	35,334	567,933	16,073	71.5
2012	65,270	2,568	39,339	46.9	10.8	37,150	611,045	16,448	71.6
2013	65,535	2,635	40,201	46.8	10.7	38,947	651,466	16,727	71.6
2014	66,223	2,676	40,414	46.6	10.5	40,776	694,946	17,043	71.7
2015	67,008	2,757	41,143	46.5	10.4	42,657	754,201	17,681	71.6
2016	68,517	2,833	41,353	46.8	10.1	44,181	793,277	17,955	71.8
2017	70,073	3,041	43,393	46.6	9.9	45,468	836,201	18,391	72.1
2018	71,112	3,188	44,835	46.1	10.0	46,907	884,827	18,863	72.3
2019	72,502	3,356	46,295	45.9	9.8	48,120	922,112	19,163	72.7
2020	73,657	3,521	47,799	45.8	9.7	49,573	999,793	20,168	72.9
2021	73,563	3,654	49,677	45.7	9.7	50,891	1,043,514	20,505	73.2
2022	74,409	3,890	52,283	45.5	9.5	53,190	1,140,827	21,448	73.2

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Valuation Date (July 1)	Active Members					Annuitants			
	Number	Annual Salaries in Millions	Average Annual Salary	Average Age	Average Years of Service	Number	Annual Benefits in Thousands	Average Annual Benefit	Average Age
2023	76,668	$4,237	$55,268	45.3	9.3	54,680	$1,191,960	$21,799	73.4
2024	78,354	4,542	57,965	45.2	9.2	56,084	1,243,201	22,167	73.7
2025	78,746	4,751	60,339	45.2	9.2	57,473	1,300,193	22,623	73.9
2026	78,885	4,962	62,904	45.3	9.3	58,895	1,375,457	23,354	74.2

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Table C-5
Contribution Rates

Valuation Date (July 1)	Calculated Statutory Minimum Employer Rates: 25/30-Year Funding [8] Current Normal Cost Rate[1]	Amortization Payment Rate	Total Rate[2]	GASB Determined ARC[9]	Actual Rates: Employer[2]	Employee [1] Fire & Police	General & Teacher[12]	Prior to Subsequent Year PAA Adjustment: Amortization Period (Years)	Unfunded Actuarial Accrued Liability[5] (in Millions)
1968	2.01%	4.68%	6.69%	NA	7.25%	(3)	(4)	under 30[6]	$ 72.2
1969	2.53	5.17	7.70	NA	7.25	(3)	(4)	under 50[6]	106.4
1970	2.51	4.71	7.22	NA	7.25	(3)	(4)	under 30[6]	110.1
1971	3.26	4.96	7.33	NA	6.80	(3)	(4)	41	132.1
1972	3.40	3.65	7.05	NA	6.80	(3)	(4)	36	123.0
1973	3.31	3.43	6.74	NA	6.78	(3)	(4)	30	125.0
1974	2.45	4.09	6.54	NA	6.80	5.40	4.50	28	216.3
1975	2.43	4.14	6.57	NA	6.80	5.40	4.50	28	256.5
1976	3.38	3.58	6.96	NA	6.81	5.40	4.50	28	306.8
1977	5.76	4.11	9.87	NA	7.11	5.40	4.50	-- (7)	392.2
1978	4.92	4.04	8.96	NA	7.11	5.40	4.50	28	423.1
1979	4.93	4.02	8.95	NA	8.36	5.40	4.50	27	462.9
1980	5.20	4.43	9.63	NA	9.50	5.60	4.67	31	553.1
1981	5.20	4.21	9.41	NA	9.50	5.80	4.84	29	582.8
1982	5.07	4.39	9.46	NA	9.05	6.05	5.05	32	653.5
1983	5.11	4.22	9.33	NA	8.75	6.30	5.26	34	664.6
1984	5.09	4.30	9.39	NA	8.82	6.35	5.30	35	729.4
1985	6.02	3.29	9.31	NA	8.89	6.40	5.34	35	614.8
1986	5.97	2.84	8.84	NA	8.89	6.40	5.34	29	555.7
1987	5.97	2.60	8.67	NA	8.89	6.40	5.34	26	526.7

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Valuation Date (July 1)	Calculated Statutory Minimum Employer Rates: 25/30-Year Funding [8] — Current Normal Cost Rate[1]	Amortization Payment Rate	Total Rate[2]	GASB Determined ARC[9]	Actual Rates — Employer[2]	Employee [1] — Fire & Police	General & Teacher[12]	Prior to Subsequent Year PAA Adjustment — Amortization Period (Years)	Unfunded Actuarial Accrued Liability[5] (in Millions)
1988	5.85%	3.21%	9.01%	NA	8.89%	6.40%	5.34%	32	$ 699.1
1989	5.86	2.53	8.54	NA	8.89	6.40	5.34	24	589.1
1990	6.07	2.34	8.41	NA	8.89	6.40	5.34	22	578.7
1991	6.07	2.34	8.41	NA	8.89	6.40	5.34	22	622.7
1992	6.77	2.44	9.21	NA	9.75	7.02	5.84	21	677.3
1993	7.13	2.94	10.07	NA	10.65	7.82	6.38	18	740.0
1994	7.47	3.91	11.38	NA	11.63	8.53	6.97	22	1,040.6
1995	7.68	3.23	10.91	NA	11.63	8.53	6.97	18	952.1
1996	8.37	2.25	10.62	10.413	11.64	8.53	6.97	13	639.5
1997	8.98	0.45	9.43	9.80	11.64[10]	8.53[10]	6.97[10]	2	128.9
1998	9.22	(1.40)	9.22	7.82	11.03[10]	8.10[10]	6.60[10]	N/A	(493.9)
1999	9.44	(2.06)	9.44	7.38	11.03[10]	8.10[10]	6.60[10]	N/A	(704.0)
2000	10.04	(2.72)	10.04	7.32	9.80	7.21	5.86	N/A	(998.3)
2001	8.94	0.50	9.44	9.44	9.80	7.21	5.86	10	186.3
2002	7.37	2.94	10.31	10.31	9.80	7.21	5.86	39	1,075.7
2003	7.27	3.23	10.50	10.50	11.04[11]	8.09[11]	6.60[11]	19	1,214.6
2004	7.88	1.80	9.68	9.68	11.66[11]	8.53[11]	6.97[11]	8	671.1
2005	8.03	1.34	9.37	9.37	11.66[11]	8.53[11]	6.97[11]	6	508.6
2006	8.53	1.13	9.66	9.66	10.43	7.65	6.23	10	461.7
2007	9.33	(1.24)	9.33	8.09	10.44	7.65	6.23	N/A	(573.4)
2008	8.37	1.63	10.00	10.00	10.44	7.65	6.23	16	748.9
2009	8.17	6.16	14.33	12.99	10.44	7.69	6.23	Over 100	3,026.6
2010	6.55	5.62	12.17	12.17	13.70[11]	10.04[11]	8.19[11]	18	2,555.8
2011	7.51	2.85	10.36	10.36	13.70[11]	10.04[11]	8.19[11]	8	1,232.6
2012	7.08	4.80	11.88	11.88	13.69[11]	10.03[11]	8.18[11]	15	2,043.5

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Valuation Date (July 1)	Calculated Statutory Minimum Employer Rates: 25/30-Year Funding [8] — Current Normal Cost Rate[1]	Amortization Payment Rate	Total Rate[2]	GASB Determined ARC[9]	Actual Rates — Employer[2]	Employee [1] — Fire & Police	General & Teacher[12]	Prior to Subsequent Year PAA Adjustment — Amortization Period (Years)	Unfunded Actuarial Accrued Liability[5] (in Millions)
2013	7.05%	4.52%	11.57%	11.57%	13.69%[11]	10.03%[11]	8.18%[11]	13	$ 2,074.1
2014	7.97	2.14	10.11	NA	11.36[11]	8.36[11]	6.79[11]	11.6	1,052.3
2015	7.66	3.10	10.76	NA	11.36[11]	8.36[11]	6.79[11]	17.4	1,490.2
2016	7.66	4.47	11.98	NA	11.38	8.36	6.79	36.6	2,206.1
2017	7.90	3.26	11.16	NA	11.38	8.36	6.79	16.2	1,766.6
2018	8.13	2.78	10.91	NA	11.38	8.36	6.79	13.9	1,580.1
2019	8.41	2.07	10.48	NA	11.99	8.81	7.16	10.6	1,391.2
2020	7.72	3.93	11.65	NA	11.99	8.81	7.16	20.5	2,433.2
2021	10.17	0.00	10.17	NA	11.99	9.13	7.16	0.4	49.0
2022	8.20	5.88	14.08	NA	11.98[11]	9.83[11]	6.71/7.62[11]	Over 100	4,077.2
2023	8.44	5.47	13.91	NA	16.62[11]	12.97[11]	9.52/10.43[11]	13.5	4,019.1
2024	8.73	4.70	13.43	NA	16.64[11]	12.97[11]	9.52/10.43[11]	10.8	3,789.7
2025	8.78	2.88	11.66	NA	15.10[11]	11.93[11]	8.58/9.49[11]	8.2	2,506.5
2026	9.29	1.37	10.66	NA	13.55[11]	10.89[11]	7.65/8.55[11]	5.5	1,386.3

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Notes on Table C-5

1. Normal cost rates and employee rates prior to 1986 are based on actual employer rates. They would vary from the rates shown if employer rates were changed.
2. Excludes additional administrative contributions required before 1980. Aggregate weighted employer rate since 1993. Cannot be less than the normal cost rate.
3. 3.6% of annual salary up to $4,800, plus 7.2% of excess.
4. 3.0% of annual salary up to $4,800, plus 6.0% of excess.
5. Calculated as of the valuation date, prior to any PAA adjustment or Gain Sharing allocation. Beginning in 1991, amounts funded by ORP contributions are not included in the UAAL.
6. For actuarial valuations prior to 1971, an explicit amortization period was not calculated. The current employer contribution rate was compared to a contribution rate based on either a 30 or 50 year amortization period.
7. Based on the results of the 1977 experience study, the valuation results indicated that the employer contribution rate in effect at the time of the valuation would be insufficient to amortize the UAAL over a reasonable period. Subsequent increases in the employer contribution rate in 1979 and 1980 resulted in a reasonable amortization period.
8. Amortization rates in 1992 and before represent 30-year funding. Amortization rates in 1993 and after represent 25-year funding.
9. GASB required an ARC to be computed for all plan years after June 15, 1996. As long as a positive UAAL exists and is being amortized over a reasonable period of time, generally less than 30 years, the ARC is equal to the actual contribution rate set by the Board. If a Funding Reserve exists, GASB requires the amortization of the reserve and a calculated ARC less than the normal cost rate. The actual PERSI rate cannot be less than the normal cost rate under the statutory requirements. The ARC calculated as of the valuation date is applicable to the employer fiscal year commencing October 1 of the calendar year following the valuation date. The ARC includes the discretionary PAA increases if approved by the Board prior to the completion of the valuation report.

   Beginning with the 2014 valuation, the ARC will no longer be reported. A separate accounting valuation report will be issued in accordance to the new GASB 67 and 68 reporting standards.
10. Permanent rate is shown; temporary rate of 9.80% was effective November 1, 1997 until Board adopted permanent 9.80% rate April 2000.
11. The latest scheduled contribution rate that is reflected in the valuation is shown.
12. Effective July 1, 2023, general members and teachers pay different contribution rates. This was first reflected in our July 1, 2022, valuation. Therefore, starting in the 2022 row, the rates in this column are listed in the following format: general rate/teacher rate.

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Table C-6
Investments

(Dollar Amounts in Millions)

Valuation Date (July 1)	Total Investments Held on Valuation Date		Yield Net of Investment Expenses During Previous Year	
	Market Basis	Valuation Basis	Market Basis	Valuation Basis
1968	$ 30.6	$ 30.6	8.09%	8.09%
1973	102.4	111.0	(7.39)	4.85
1978	211.2	213.0	1.61	2.80
1983	658.5	628.6	40.36	16.33
1988	1,294.4	1,265.7	(0.60)	(5.60)
1993	2,531.7	2,525.0	12.60	10.66
1994	2,674.7	2,674.7	2.50	2.76
1995	3,237.9	3,237.9	14.34	14.34
1996	3,853.8	3,853.8	17.83	17.83
1997	4,728.5	4,728.5	19.11	19.11
1998	5,741.0	5,741.0	17.19	17.19
1999	6,450.9	6,450.9	11.18	11.18
2000	7,285.3	7,285.3	12.93	12.93
2001	6,732.4	6,732.4	(6.40)	(6.40)
2002	6,256.3	6,256.3	(7.36)	(7.36)
2003	6,544.8	6,544.8	3.32	3.32
2004	7,702.0	7,702.0	17.63	17.63
2005	8,707.5	8,707.5	10.34	10.34
2006	9,800.2	9,800.2	11.79	11.79
2007	11,505.1	11,505.1	19.54	19.54
2008	11,010.0	11,010.0	(4.60)	(4.60)
2009	8,983.7	8,983.7	(16.35)	(16.35)
2010	9,969.1	9,969.1	12.01	12.01
2011	11,754.3	11,754.3	20.25	20.25
2012	11,725.2	11,725.2	1.22	1.22
2013	12,496.2	12,496.2	8.69	8.69
2014	14,230.4	14,230.4	16.77	16.77
2015	14,428.4	14,428.4	2.70	2.70
2016	14,344.6	14,344.6	1.48	1.48
2017	15,713.2	15,713.2	12.25	12.25
2018	16,763.8	16,763.8	8.47	8.47
2019	17,717.5	17,717.5	8.09	8.09
2020	17,836.5	17,836.5	2.71	2.71
2021	22,364.9	22,364.9	27.49	27.49
2022	19,791.7	19,791.7	(9.61)	(9.61)

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Valuation Date (July 1)	Total Investments Held on Valuation Date		Yield Net of Investment Expenses During Previous Year	
	Market Basis	Valuation Basis	Market Basis	Valuation Basis
2023	$21,186.4	$21,186.4	9.17%	9.17%
2024	22,586.8	22,586.8	8.84	8.84
2025	24,797.1	24,797.1	10.81	10.81
2026	27,449.6	27,449.6	12.36	12.36

Notes:

1. Investments held and yields shown here are for the total trust (excluding assets used in plan operations).
2. Yields shown here are net of investment expenses but not net of administrative expenses.

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Table C-7
Changes Affecting Actuarial Valuations – Statistics

Valuation Date [1]	Minimum Benefit[2]	Postretirement Increase[1]		Regular Interest[3]
		Maximum	Granted	
1967	N/A	N/A	N/A	4.00%
1968	N/A	N/A	N/A	4.25
1969	N/A	3.0%	3.0%	4.375
1970	N/A	3.0	3.0	4.75
1971	N/A	3.0	3.0	5.00
1972	N/A	3.0	3.0	5.00
1973	N/A	3.0	3.0	5.50
1974	$5.00	3.0	3.0	6.00
1975	5.15	3.0	3.0	6.00
1976	5.30	3.0	3.0	6.00
1977	5.62	5.3	6.0 [4]	6.50
1978	5.96	6.0	6.0	6.50
1979	6.32	6.0	6.0	6.50
1980	6.70	6.0	6.0	6.50
1981	7.10	6.0	6.0	7.00
1982	7.53	6.0	6.0	7.50
1983	7.92	5.1	5.1	8.00
1984	8.14	2.9	2.9	8.50
1985	8.48	4.2	4.2	9.00
1986	8.57	3.2	1.0	9.00
1987	8.70	1.5	1.5	7.50
1988	8.78	4.5	1.0	6.50
1989	8.87	4.2	1.0	6.50
1990	9.29	4.7	4.7	7.00
1991	9.81	5.6	5.6	7.37
1992	10.59	3.8	3.8	5.75
1993	12.48	3.1	3.1	4.25
1994	14.43	2.8	2.8	4.00
1995	14.85	2.9	2.9	4.75
1996	15.23	2.6	2.6	5.75
1997	15.67	2.9	2.9	5.13
1998	16.02	2.2	2.2	5.38
1999	18.06	1.6	1.6	5.00
2000	18.47	2.3	2.3	7.93
2001	19.10	3.4	3.4	11.985
2002	19.62	2.7	2.7	8.84
2003	19.81	1.8	1.0	3.36
2004	20.25	2.2	2.2	2.56
2005	20.96	2.7	3.5 [5]	10.365
2006	21.71	3.6	3.6	13.875

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Valuation Date [1]	Minimum Benefit[2]	Postretirement Increase[1]		Regular Interest[3]
		Maximum	Granted	
2007	$22.54	3.8%	3.8%	10.965%
2008	22.99	2.0	2.0	14.602
2009	23.22	5.4	1.0	9.257
2010	23.44	-1.48	1.0 [6]	1.000
2011	23.68	1.15	1.0	5.90
2012	23.92	3.77	1.0	14.52
2013	24.15	1.69	1.0	9.63
2014	24.39	1.52	1.0	4.41
2015	25.37	1.70	4.0 [7]	11.40
2016	25.62	0.20	1.0 [8]	8.71
2017	25.90	1.1	1.1	1.84
2018	26.40	1.9	1.9	6.16
2019	26.66	2.7	1.0	9.30
2020	28.40	1.7	6.54 [9]	7.40
2021	28.69	1.3	1.0	4.78
2022	29.69	5.3	3.5	12.99
2023	29.99	6.0	1.0	12.22
2024	30.29	3.7	1.0	4.54
2025	30.68	2.5	1.3 [10]	8.05
2026	31.52	2.9	2.7 [11]	8.79

1. Valuations as of July 1. Postretirement increase effective previous January 1 for years prior to 1987, previous March 1 for 1987 and after.

2. Minimum monthly benefit per year of service; benefit levels for fire and police members are 20% greater than amount shown.

3. Average rate credited on member contributions during year prior to valuation date, actual rates may vary during the year.

4. 5.3% for 1976 retirees.

5. The March 1, 2005 PAA was 2.70% with retro-PAA of 0.80% for a total PAA of 3.50%.

6. The March 1, 2010 PAA was -1.48% with a retro-PAA of 2.48% for a total PAA of 1%.

7. The March 1, 2015 PAA was 1.70% with a retro-PAA of 2.3% for a total PAA of 4%.

8. The March 1, 2016 PAA was 0.20% with a retro-PAA of 0.80% for a total PAA of 1%.

9. The March 1, 2020 PAA was 1.70% with a retro-PAA of 4.76% for a total PAA of 6.54%.

10. The March 1, 2025 PAA was 1.00% with a retro-PAA of 0.30% for a total PAA of 1.30%.

11. The March 1, 2026 PAA was 1.00% with a retro-PAA of 1.70% for a total PAA of 2.70%.

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Table C-8
Changes Affecting Actuarial Valuations - Descriptions

Valuation Date	Change
1968	Actuarial assumptions were revised to reflect actual experience for the study period from inception to June 30, 1967.
1969	Discretionary PAA increases and death benefit provisions were adopted.
1971	Vesting, early retirement, and death benefits were improved.
1974	Major changes in actuarial assumptions and a new retirement benefit formula were adopted.
1976	Actuarial assumptions for investment earnings, future salaries, and service retirement were changed. Changes in the compulsory retirement provisions, death benefit eligibility, and the maximum discretionary PAA, including funding for an automatic 1% annual increase in postretirement benefits.
1977	Major changes in actuarial assumptions as a result of a study of the System's actual experience. These revisions were tentative, made on the basis of limited experience data.
1978	The termination of employment and the retired mortality assumptions were revised based on an update of the study of the System's actual experience.
1979	Reflects the maximum 40-year funding period enacted in 1979 legislation.
1980	Actuarial assumptions for investment earnings, salary growth, and disabled members' mortality assumptions were changed. Reduction factors for early retirement were modified and employee contribution rates were increased. The bond valuation method was revised, generating a one-time investment gain.
1982	Actuarial assumptions were revised to reflect the results of the System's experience over the three-year period ending June 30, 1981. The early retirement "Rule of 90(80)" and graded increase in both employee and employer contribution rates were implemented.
1983	The asset valuation method for mortgages was changed.
1985	Actuarial assumptions were revised based on the experience study for the period July 1, 1981 through June 30, 1984.
1988	Actuarial assumptions were revised based on the experience study for the period July 1, 1984 through June 30, 1987.
1992	Actuarial assumptions were revised based on the 1992 Investigation of Experience Study. Benefits and contributions were increased effective October 1, 1992. The benefit percentage factor was increased, the averaging period used in determining average monthly salary was decreased, and the early retirement reduction factors were decreased.
1993	Disability eligibility provisions for fire and police members were changed and contribution rates were increased to reflect this change. Benefits and contributions were increased effective October 1, 1993. The benefit percentage factor was increased, the averaging period used in determining average monthly salary was decreased, and the early retirement reduction factors were decreased.

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Valuation Date	Change
1994	Actuarial assumptions were revised based on the 1994 Investigation of Experience Study. Benefits and contributions were increased effective October 1, 1994. The benefit percentage factor was increased, the averaging period used in determining average monthly salary was decreased, and the early retirement reduction factors were decreased.
1996	Actuarial assumptions were revised based on the 1996 Investigation of Experience Study.
1998	Mortality and Salary increase assumptions were revised based on the 1998 Investigation of Experience Study. The benefits for all annuitants were restored to 100% of purchasing power at the original retirement date.
2000	The permanent total contribution rate was reduced effective November 1, 2000. Benefits were increased and disability eligibility service requirements were reduced effective July 1, 2000. The interest crediting rate on employee contributions was changed to the actual return of the System. Retirement and disability assumptions were revised based on the 2000 Investigation of Experience Study.
2001	A Gain Sharing allocation of $155.4 million was granted by the Board.
2002	Salary increase and termination of employment assumptions were revised based on the 2002 Investigation of Experience Study.
2003	Scheduled contribution rate increases at July 1, 2004 and July 1, 2005 reflected. $100,000 death benefit for Fire and Police duty deaths added along with 0.1% increase in Fire and Police Employer Contribution rate.
2004	Scheduled contribution rate increases at July 1, 2006 reflected. Assumption changes based on 2004 Investigation of Experience Study.
2005	Contribution rate increases scheduled for July 1, 2005 and July 1, 2006, were delayed to July 1, 2008 and July 1, 2009. In addition to a full 2.7% PAA, retirees received a 0.8% retro-PAA benefit on March 1, 2005, to restore the portion of the March 1, 2003 PAA that was not originally granted.
2006	The mortality assumptions were changed to generational mortality as described in the 2006 Investigation of Experience report (dated May 15, 2006). Future scheduled rate increases are not included in the ARC or in the valuation results except where noted.
2007	Final Average Earnings (FAE) used to calculate benefits was changed to the greater of current FAE (provided by the PERSI) and estimated FAE. Future scheduled rate increases are not included in the ARC or in the valuation results. The contribution rate for university members of the optional retirement plan (ORP) was changed to 1.49% of members' salaries through July 1, 2025. In the previous valuation, the rate was 3.03% to be paid through July 1, 2015.
2008	Demographic actuarial assumptions were revised based on the 2009 Investigation of Experience Study.
2009	The contribution rate for Fire & Police Members was changed from 7.65% to 7.69%. $100,000 disability benefit for Fire and Police duty disabilities added.

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Valuation Date	Change
2010	Mortality and economic actuarial assumptions were revised based on the 2010 Investigation of Experience Study. Contribution rate increases were added at July 1, 2011, July 1, 2012, and July 1, 2013.
	Retirees received a 2.48% retro-PAA benefit on March 1, 2010, to restore a portion of the March 1, 2009 PAA that was not originally granted.
2011	New Contingent Annuitant actuarial equivalence factors were adopted for members retiring on or after July 1, 2011. Scheduled contribution rate increases on July 1, 2011, July 1, 2012, and July 1, 2013, were all delayed one year.
2012	Demographic and Economic actuarial assumptions were revised based on the 2012 Active Experience Study.
2013	Change in the actuarial cost method, from aggregate entry age to individual entry age.
2014	Mortality assumptions were revised based on the 2014 Investigation of Experience Study. Scheduled contribution rate increases were canceled.
	Retirees were granted a 2.30% retro-PAA benefit, effective on March 1, 2015, to restore a portion of the prior years' PAAs that were not originally granted.
2015	No changes to assumptions or plan provisions.
2016	Demographic actuarial assumptions were revised based on the 2016 Active Experience Study.
	Retirees were granted a 0.80% retro-PAA benefit, effective on March 1, 2016, to restore a portion of the prior years' PAAs that were not originally granted.
2017	Retirees were granted a 0.10% Discretionary PAA, effective on March 1, 2017.
	A contribution rate increase was put in place, scheduled to take effect July 1, 2018. This rate change will increase the total (employer plus member) blended contribution rate from 18.42% to 19.42%.
2018	Retirees were granted a 0.90% Discretionary PAA, effective on March 1, 2018.
	The contribution rate increase scheduled to take effect July 1, 2018, was delayed one year to July 1, 2019.
2019	The scheduled contribution rate increase took effect on July 1, 2019.
2020	Retirees were granted a 0.70% Discretionary PAA and a 4.76% retro-PAA benefit, effective March 1, 2020.
2021	Demographic and economic actuarial assumptions were revised based on the 2021 Experience Study.
	Catastrophic line of duty disability benefit added for Fire and Police along with a 0.32% increase in Fire and Police member contribution rate.
2022	Retirees were granted a 2.50% Discretionary PAA, effective on March 1, 2022.
	A contribution rate increase was put in place, scheduled to take effect July 1, 2023. This rate change will separate the teacher contribution rate from that charged for general members to make each class's contribution rate more in line with the cost of benefits for that class, while limiting the change in weighted total contribution rate. The change is scheduled to increase the total (employer plus member) blended contribution rate from 19.44% to 19.45%.

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Valuation Date	Change
2023	Contribution rate increases were added as follows: 1.25% effective July 1, 2024; an additional 2.50% effective July 1, 2025; and an additional 3.75% effective July 1, 2026.
	Idaho senate bill 1054, signed into law March 20, 2023, provides fire and police members of PERSI, who are at least age 50, the opportunity to return to work (RTW) after retiring and continue receiving retirement benefits through June 30, 2027. During the RTW period, the employer and employee must make contributions and benefit accruals are frozen.
2024	The scheduled 1.25% contribution rate increase took effect on July 1, 2024.
	A contribution rate increase was put in place as a response to the 2023 return to work law for safety members. This is a temporary 1.14% increase in Safety contributions rates for July 1, 2024, to June 30, 2027
2025	Demographic and economic actuarial assumptions were revised based on the 2025 Experience Study.
	Retirees were granted a 0.30% retro-PAA benefit, effective March 1, 2025.
	The 2.50% contribution rate previously scheduled for July 1, 2025, was delayed to July 1, 2027. In addition, the 3.75% contribution rate previously scheduled for July 1, 2026, was delayed and reduced to a 1.25% increase scheduled to July 1, 2028.
	The temporary 1.14% increase in Safety contribution rates for the 2023 return to work law ended, effective April 1, 2025.
2026	Safety line of duty death and disability assumptions were updated based on the 2026 Assumptions Cost Study.
	Idaho House bill 642, signed into laws March 24, 2026, provides a death benefit enhancement for Safety members who die in the line of duty.
	Retirees were granted a 1.70% retro-PAA benefit, effective March 1, 2026.
	The 2.50% contribution rate previously scheduled for July 1, 2027, was cancelled.

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Table C-9
Contribution Rates History

Contribution Rates

In November 2002, the Board approved three 1% contribution rate increases to take effect on July 1, 2004, July 1, 2005, and July 1, 2006. The total rate increase of 1% each year is split between the employer and employee contributions.

On July 1, 2004, the first of three scheduled contribution rate increases went into effect.

Due to the 17.63% investment return in the year ending June 30, 2004, in November 2004, the Board delayed the scheduled contribution rate increases for July 1, 2005, and July 1, 2006, to July 1, 2006, and July 1, 2007, respectively.

Due to the 10.34% investment return in the year ending June 30, 2005, in the fall of 2005, the Board delayed the contribution rate increases again, to July 1, 2007, and July 1, 2008.

Due to the 11.79% investment return in the year ending June 30, 2006, in the fall of 2006, the Board delayed the contribution rate increases again, to July 1, 2008, and July 1, 2009.

Due to continued improvements in the funded status, including exceeding a 100% funded ratio by July 1, 2007, the Board canceled the contribution rate increases in the fall of 2007.

In December 2009, due to a significant drop in funded status because of investment losses in the year ending June 30, 2009, the Board approved three contribution rate increases: 1.5% at July 1, 2011, 1.5% at July 1, 2012, and 2.28% at July 1, 2013.

Due to the 12.01% investment return in the year ending June 30, 2010, in December 2010, the Board delayed the scheduled contribution rate increases for July 1, 2011, July 1, 2012, and July 1, 2013, to July 1, 2012, July 1, 2013, and July 1, 2014, respectively.

Due to the 20.25% investment return in the year ending June 30, 2011, in December 2011, the Board delayed the scheduled contribution rate increases for July 1, 2012, July 1, 2013, and July 1, 2014, to July 1, 2013, July 1, 2014, and July 1, 2015, respectively.

On July 1, 2013, the first of three scheduled contribution rate increases went into effect. The total rate increase of 1.5% is split between the employer and employee contributions.

In October 2013 the Board delayed the scheduled contribution rate increases for July 1, 2014, and July 1, 2015, to July 1, 2015, and July 1, 2016, respectively.

Due to the 16.77% investment return in the year ending June 30, 2014, in September 2014 the Board canceled the contribution rate increases scheduled for July 1, 2015, and July 1, 2016.

In October 2016, due to a drop in funded status because of investment losses in the two preceding fiscal years, the Board approved a contribution rate increase from 18.42% to 19.42%, scheduled to go into effect at July 1, 2018.

In October 2017, due to an increase in funded status from investment gains in the prior fiscal year, the Board approved a delay in the contribution rate increase from July 1, 2018, to July 1, 2019.

On July 1, 2019, the scheduled contribution rate increase went into effect. The total rate increase of 1% was split between the employer and active member contributions.

In December 2021, the Board approved an adjustment to the contribution rates to become effective July 1, 2023. The goal of this adjustment was to separate the teacher contribution rate from that charged for general members and to make the contribution rate for each class more in line with the cost of benefits for that class, all while limiting the change in the weighted total contribution rate.

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Contribution Rates

After a -9.65% investment return in the year ending June 30, 2022, the July 1, 2022, valuation found that the contribution rates were insufficient to amortize the unfunded actuarial accrued liability within 25 years of the valuation date. Therefore, in October 2022, the Board approved three contribution rate increases to take effect: 1.25% on July 1, 2024, 2.50% on July 1, 2025, and 3.75% on July 1, 2026. On July 1, 2024, the first of these rate increases went into effect. In October 2024, due to investment returns in the year ending June 30, 2024, the Board delayed the scheduled contribution rate increases for July 1, 2025, and July 1, 2026, to July 1, 2026, and July 1, 2027, respectively. Further, in May 2025, the Board delayed the 2.50% contribution rate scheduled for July 1, 2026, to July 1, 2027. The Board also delayed and reduced the 3.75% contribution rate increase scheduled for July 1, 2027, to a 1.25% increase scheduled for July 1, 2028. In May 2026, the Board cancelled the 2.50% contribution rate increase previously scheduled for July 1, 2027

In September 2023, as a response to the return to work law for safety members, the Board implemented a temporary 1.14% increase in Safety contribution rates for July 1, 2024, to June 30, 2027. Effective April 1, 2025, the Board ended the temporary 1.14% Safety contribution rate increase for the 2023 return to work law.

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Table C-10
Historical Funding Adequacy

From July 1, 1998, to July 1, 2000, there was no UAAL, and the actuarial value of the assets exceeded the value of the actuarial accrued liability to be funded by PERSI, resulting in a Funding Reserve. However, asset losses for the year ending July 1, 2001, resulted in the re-emergence of a UAAL. The UAAL also grew during the years ending July 1, 2002, and July 1, 2003, due to further asset losses. The UAAL decreased during the years ending July 1, 2004, July 1, 2005, and July 1, 2006, due to asset gains. During the year ending July 1, 2007, the asset gain resulted in a Funding Reserve. During the year ending July 1, 2008, the asset loss resulted in the re-emergence of a UAAL. The UAAL grew further during the year ending July 1, 2009, due to asset losses. The UAAL decreased during the years ending July 1, 2010, and July 1, 2011, due to asset gains. During the year ending July 1, 2012, the asset loss resulted in an increase to the UAAL. The UAAL again increased during the year ending June 30, 2013. The UAAL decreased during the year ending June 30, 2014, due primarily to asset gains. The UAAL increased during the years ending June 30, 2015, and June 30, 2016, primarily due to asset losses. The UAAL decreased during the years ending June 30, 2017, June 30, 2018, and June 30, 2019, primarily due to asset gains. The UAAL increased during the year ending June 30, 2020, primarily due to asset losses. The UAAL decreased during the year ending June 30, 2021, primarily due to asset gains. The UAAL increased during the year ending June 30, 2022, primarily due to asset losses. The UAAL decreased during the years ending June 30, 2023, June 30, 2024, June 30, 2025, and June 30, 2026, primarily due to asset gains. The dollar amount of the UAAL as of July 1, 2026, is $1,368.3 million.

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Table C-11
Changes in Status

	Active Contributing Members	Non-Contributing Members	Annuitants	Total
July 1, 2025, Valuation	78,746	58,055	57,473	194,274
Termination without Refund	(6,082)	6,082	0	0
Service Retirement	(1,885)	(806)	2,691	0
Disability Retirement	(21)	(14)	35	0
Death with Beneficiary [1]	(7)	(4)	11	0
Other Death or Departure [2]	(1,167)	(2,332)	(1,340)	(4,839)
New Entrants	7,587	1,360	0	8,947
Rehires	1,459	(1,445)	(14)	0
Other	255	73	39	367
Total Change	139	2,914	1,422	4,475
July 1, 2026, Valuation	78,885	60,969	58,895	198,749

1. Only deaths of active members and vested inactive members are shown.

2. Includes events such as Termination with Refund and Death without Beneficiary.

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Table C-12
Reconciliation of Data Records

	Active	Vested Inactive	Non-Vested Inactive	Annuitants
Original Records Received	79,198	17,631	54,572	60,508
Duplicated Member IDs and Deceased Members	-	(346)	(408)	(1,373)
Annuitants of Firefighters' Retirement Fund Not Eligible for a PERSI Benefit	-	-	-	(51)
Idaho Falls Police Annuitants Not Eligible for a PERSI Benefit	-	-	-	(18)
Vested Inactive with Age Over 100	-	(1)	-	-
Other Vested Inactive or Annuitant Records with Zero PERSI Benefit	-	(10)	-	(171)
Non-Vested Inactive Records with Zero Accumulated Employee Contributions	-	-	(10,534)	-
Active Records with Zero Salary that were Treated as Inactive for the Valuation	(65)	18	47	-
Active Records with Zero Salary and Zero Accumulated Employee Contributions	(248)	-	-	-
Records Used for Valuation	78,885	17,292	43,677	58,895

Adjustments for missing data.

Retired Member Data:

- Contingent annuitant gender information was missing from 979 surviving beneficiaries and 1,471 spouses of living retirees. We assumed male members had female spouses and vice versa.
- Gender information was missing from 46 retiree records. We assumed these were female members.
- Class information was missing from 14 retired members. We assumed these were general members.
- Contingent annuitant date of birth information was missing from 3 surviving beneficiaries and 34 spouses of living retirees. We assumed female spouses were two years younger and male spouses were two years older than the member.

Non-retired Member Data:

- Member gender information was missing (or labeled as other) from 312 active members and 31 vested inactive members. Gender information was available in last year's valuation data for 266, so that was used in these cases. The other 77 we treated as females for the valuation.
- Class information was missing from 11 active members and 1,091 vested inactive members. We assumed these were general members.

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Table C-13
Yields for Various Historical Periods, Net of Investment Expenses

Period Ended	1 Year	10 Years	20 Years	Since 1968
1968	8.1%			
1969	6.3			
1970	2.9			
1971	3.0			
1972	12.6			
1973	4.9			
1974	-12.4			
1975	-12.6			
1976	14.4			
1977	7.9	3.1%		
1978	2.8	2.6		
1979	7.2	2.7		
1980	18.2	4.1		
1981	12.1	5.0		
1982	7.5	4.5		
1983	16.3	5.6		
1984	6.0	7.6		
1985	22.8	11.4		
1986	17.2	11.6		
1987	12.0	12.1	7.5%	
1988	-5.6	11.1	6.8	
1989	17.6	12.1	7.3	
1990	10.6	11.4	7.7	
1991	7.9	11.0	7.9	
1992	8.1	11.0	7.7	
1993	10.7	10.5	8.0	
1994	2.8	10.1	8.9	
1995	14.3	9.4	10.4	
1996	17.8	9.4	10.5	
1997	19.1	10.1	11.1	

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Period Ended	1 Year	10 Years	20 Years	Since 1968
1998	17.2%	12.5%	11.8%	
1999	11.2	11.9	12.0	
2000	12.9	12.1	11.7	
2001	-6.4	10.5	10.7	
2002	-7.4	8.8	9.9	
2003	3.3	8.1	9.3	
2004	17.6	9.5	9.8	
2005	10.3	9.2	9.3	
2006	11.8	8.6	9.0	
2007	19.5	8.6	9.3	
2008	-4.6	6.4	9.4	
2009	-16.4	3.4	7.6	
2010	12.0	3.3	7.6	
2011	20.3	6.0	8.2	
2012	1.2	6.9	7.9	
2013	8.7	7.4	7.8	
2014	16.8	7.4	8.5	
2015	2.7	6.6	7.9	
2016	1.5	5.6	7.1	
2017	12.3	4.9	6.8	
2018	8.5	6.3	6.3	
2019	8.1	9.0	6.2	
2020	2.7	8.1	5.7	
2021	27.5	8.7	7.3	
2022	-9.6	7.5	7.2	
2023	9.2	7.6	7.5	
2024	8.8	6.8	7.1	
2025	10.8	7.6	7.1	
2026	12.4	8.7	7.1	7.8%

Notes:

1. Yields shown here are for the total trust (excluding assets used in plan operations).
2. Yields shown here are net of investment expenses but not of administrative expenses.

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Table C-14
Funded Ratio History

Period Ended	MVA	AVA	UAAL	AVA Funded Ratio
1968	$30.5	$30.5	$72.2	29.7%
1969	40.1	42.5	106.4	28.6
1970	42.7	53.5	110.1	32.7
1971	68.6	66.1	132.1	33.3
1972	93.7	89.8	123.0	42.2
1973	100.6	108.9	125.0	46.6
1974	99.6	110.7	216.3	33.9
1975	128.2	112.8	256.5	30.5
1976	157.2	150.2	306.8	32.9
1977	183.4	182.8	392.2	31.8
1978	208.6	210.3	423.1	33.2
1979	254.0	248.5	462.9	34.9
1980	307.5	324.1	553.1	36.9
1981	385.5	417.5	582.8	41.7
1982	423.5	490.5	653.5	42.9
1983	641.9	613.2	664.6	48.0
1984	642.3	688.9	729.4	48.6
1985	832.8	892.4	614.8	59.2
1986	1,071.9	1,090.7	555.7	66.2
1987	1,224.9	1,262.2	526.7	70.6
1988	1,274.3	1,246.8	699.1	64.1
1989	1,487.7	1,513.4	589.1	72.0
1990	1,691.7	1,723.8	578.7	74.9
1991	1,854.9	1,921.9	622.7	75.5
1992	2,096.6	2,128.1	677.3	75.9
1993	2,444.3	2,437.8	740.0	76.7
1994	2,591.1	2,591.1	1,040.6	71.3
1995	3,079.0	3,079.0	952.1	76.4
1996	3,766.0	3,766.0	639.5	85.5
1997	4,608.8	4,608.8	128.9	97.3

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Period Ended	MVA	AVA	UAAL	AVA Funded Ratio
1998	$5,480.8	$5,480.8	$(493.9)	109.9%
1999	6,158.1	6,158.1	(704.0)	112.9
2000	7,032.9	7,032.9	(998.3)	116.5
2001	6,492.8	6,492.8	186.3	97.2
2002	6,062.1	6,062.1	1,075.7	84.9
2003	6,297.8	6,297.8	1,214.6	83.8
2004	7,420.2	7,420.2	671.1	91.7
2005	8,208.8	8,208.8	508.6	94.2
2006	9,177.1	9,177.1	461.7	95.2
2007	10,945.8	10,945.8	(573.4)	105.5
2008	10,402.0	10,402.0	748.9	93.3
2009	8,646.0	8,646.0	3,026.6	74.1
2010	9,579.8	9,579.8	2,555.8	78.9
2011	11,360.1	11,360.1	1,232.6	90.2
2012	11,306.2	11,306.2	2,043.5	84.7
2013	12,053.5	12,053.5	2,074.1	85.3
2014	13,833.1	13,833.1	903.4	93.9
2015	13,956.7	13,956.7	1,558.7	90.0
2016	13,884.2	13,884.2	2,206.1	86.3
2017	15,296.7	15,296.7	1,766.6	89.6
2018	16,274.8	16,274.8	1,580.1	91.2
2019	17,239.5	17,239.5	1,391.2	92.5
2020	17,392.1	17,392.1	2,433.2	87.7
2021	21,770.7	21,770.7	49.0	99.8
2022	19,349.5	19,349.5	4,077.2	82.6
2023	20,695.8	20,695.8	4,019.1	83.7
2024	22,131.8	22,131.8	3,789.7	85.4
2025	24,138.9	24,138.9	2,506.5	90.6
2026	26,737.1	26,737.1	1,386.3	95.1

Note:

Some historical data in this table was estimated and may not exactly match historical reports.

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Appendix D Glossary

The following definitions are largely excerpts from a list adopted in 1981 by the major actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to the Public Employee Retirement System of Idaho. Defined terms are capitalized throughout this Appendix.

Accrued Benefit

The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

Actuarial Accrued Liability

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as: mortality, withdrawal, disability, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

Actuarial Cost Method

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates as determined in accordance with a particular Actuarial Cost Method.

Actuarial Present Value

The value of an amount or series of amounts payable or receivable at various times determined as of a given date by the application of a particular set of Actuarial Assumptions.

Actuarial Valuation

The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an Actuarial Valuation.

Actuarially Equivalent

Of equal Actuarial Present Value determined as of a given date with each value based on the same set of Actuarial Assumptions.

Amortization Payment

That portion of the pension plan contribution that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

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Amortization Period

The amount of time required for the Amortization Payments to fully pay off the Unfunded Actuarial Accrued Liability.

Entry Age Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

Funding Reserve

The excess of the Actuarial Value of Assets over the Actuarial Accrued Liability. Standard actuarial terminology defines this as the “Funding Excess.” PERSI uses the term Funding Reserve.

Normal Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Projected Benefits

Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.

Unfunded Actuarial Accrued Liability

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

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Idaho Unused Sick Leave Benefits Programs

July 1, 2026 Actuarial Valuation

Prepared by:

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October 7, 2026

Public Employee Retirement System of Idaho
P.O. Box 83720
Boise, ID 83720-0078

Dear Members of the Board:

In accordance with your request, we have performed an actuarial valuation as of July 1, 2026, of the Unused Sick Leave Benefit programs ("Plan" or "Programs" or "Funds") provided under Idaho Code Section 67-5333 for state employees ("State Program") and Section 33-1228 for school employees ("Schools Program") and administered by the Public Employee Retirement System of Idaho ("PERSI" or "System"). The findings of the valuation are contained in this report.

Purpose of the Valuation

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the Programs. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Programs' funding policies. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial Assumptions

Actuarial assumptions, including investment return assumption, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Retirement Board. That entity is responsible for selecting the Plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The System is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

Variability of Results

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

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Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the selection of the assumptions and actuarial cost methods, and the Board has adopted them as indicated in Appendix A of this report.

Reliance

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Limited Distribution

Milliman's work is prepared solely for the use and benefit of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree not to use Milliman's work for any purpose other than to benefit the System.
b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

Models

The valuation results were developed using models employing standard actuarial techniques. The intent of the models was to value OPEB liabilities. We have reviewed the models, including their inputs, calculations, and outputs, for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOPs). The models, including all input, calculations, and output may not be appropriate for any other purpose.

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Milliman

Members of the Board
Public Employee Retirement System of Idaho
October 7, 2026

Qualifications and Certifications

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Conclusion

We would like to express our appreciation to Mike Hampton, Executive Director of the System, and to members of PERSI's staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report and we look forward to discussing it with you.

Sincerely,

Robert L. Schmidt, FSA, EA, MAAA
Principal and Consulting Actuary

Ryan Falls, FSA, EA, MAAA
Principal and Consulting Actuary

Ryan J. Cook, FSA, EA, MAAA
Consulting Actuary

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1. Summary of Findings

Similar to recent years, our actuarial valuations of the Programs as of July 1, 2026, show that there is no unfunded actuarial accrued liability (UAAL) in either the State or Schools Programs; thus, both Programs have Funding Reserves. Due to these funding reserves, the Board has granted the employers a contribution holiday through July 1, 2031, for the State Program and July 1, 2028, for the Schools Program. During this holiday, normal costs are accruing, which are not being met by contributions. After the holiday, contributions are scheduled to resume at levels sufficient to meet the normal costs of the Programs as they accrue.

One measure of funding adequacy is the funding ratio, which compares the value of the market assets to the actuarial accrued liability. The following compares the 2025 and 2026 valuations.

	Funding Ratio	
Valuation	**State**	**Schools**
2025 Valuation	234.1%	126.0%
2026 Valuation	325.2%	143.8%

The 2026 actuarial valuation for the State Program indicates that the Funding Reserve as of July 1, 2026, was $239.2 million, which is $58.6 million more than expected. This is due to an actuarial experience gain of $31.2 million during the fiscal year, combined with a $27.4 million decrease in the actuarial accrued liability due to an experience study. The gain was primarily due to investment gains, as reflected in the 13.36% investment yield (net of all expenses) for the past year. This and other sources of gains and losses are shown in Table 1a.

The 2026 actuarial valuation for the Schools Program indicates that the Funding Reserve as of July 1, 2026, was $143.6 million, which is $65.8 million more than expected. This is due to an actuarial experience gain of $50.7 million during the fiscal year, in combination with a $15.1 million decrease in the actuarial accrued liability due to an experience study. The gain was primarily due to investment gains, as reflected in the 13.35% investment yield (net of all expenses) for the past year. This and other sources of gains and losses are shown in Table 1b.

Tables 2a and 2b illustrate the gains and losses incurred in the last three fiscal years attributable to both expected and unexpected experience, as well as changes in assumptions, benefits, and methods.

Actuarially Determined Contribution Rates

The Actuarially Determined Contribution (ADC) rates are based on the Board scheduled contribution rates. For both Programs, there is no UAAL to amortize, and the contribution holidays are scheduled to end prior to the funding reserves being exhausted. After the end of the contribution holiday, contribution rates are scheduled to be set equal to the normal cost rate, so no UAAL is projected to arise if all actuarial assumptions are met.

Assumptions and Methodology

Prior to the 2001 Valuation of Unused Sick Leave benefits, we estimated all sick leave entitlements as a multiple of the retirement benefit payable under PERSI, based on sick leave entitlement data for currently retired members furnished to us by the System. In early 2000, the State was able to provide us with detailed accrued sick leave account data for individual members. Based on this data, we developed improved methods for valuing the State's sick leave benefits based on actual member sick leave accumulations in hours. These methods were incorporated into the July 1, 2001, report for the State program.

Starting in 2004, the scales used to determine the rate of future assumed sick leave accruals were based on the data for accrued sick leave hours and days as of the July 1, 2004, study. An additional analysis was conducted in 2013, which determined that the 2004 scales were still appropriate for use in valuing liabilities for the Unused Sick Leave Program.

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In 2020 a new study of the sick leave accrual experience was performed. In addition, retirement and other terminations from employment were studied. Based on these studies, new assumptions were adopted for the July 1, 2020, valuation.

Payout percentage and forfeiture assumptions were first adopted in the July 1, 2020, valuation as a result of the 2020 experience study. The payout percentage assumption was then updated in the July 1, 2022, valuation to better align with the experience of the Programs.

In October 2020, the Board voted to change the asset allocation for the Sick Leave Funds from 70% equities and 30% fixed income (70/30) to a 50/50 allocation. As a result, the Sick Leave Funds have a lower expected return on assets assumption than the PERSI pension plan.

In 2026, a Sick Leave experience study was completed studying assumed investment return, retirement and termination rates for general and fire & police members, accrual of unused sick leave hours/days, payout period, and forfeitures. Based on this study, new assumptions were adopted for the July 1, 2026, valuation.

Other than those discussed above, the actuarial assumptions are the same as those used for the actuarial valuation of PERSI. All assumptions are summarized in Appendix A.

Optional Retirement Program (ORP) Members

Starting with the 2016 Valuation, Program members in the ORP are valued on an individual basis, in a manner consistent with how we value Program members in PERSI.

Changes Since 2025

The following assumptions have been updated due to the 2026 Sick Leave experience study:

- Increasing the discount rate from 5.40% to 5.60%,
- Updated rates of termination and retirement,
- Updated assumed annual accrual rates,
- Updated payout percentage assumption, and
- Updated forfeiture assumption.

Please refer to our 2026 Sick Leave Experience Study Report dated October 7, 2026, and the appendix of this report for more details.

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Table 1a
Gains and Losses for the Year Ended July 1, 2026 – State

	Actuarial Accrued Liability (in millions)	Market Value of Assets (in millions)	Unfunded Actuarial Accrued Liability (in millions)	Funded Ratio	Amort. Period (years)
July 1, 2025, Valuation	$132.4	$309.9	$(177.5)	234.1%	N/A
Expected Change Between Valuation Dates	4.2	7.3	(3.1)		
Expected at July 1, 2026	$136.6	$317.2	$(180.6)	232.2%	N/A
Effect of Actuarial Experience Gains and Losses:					
• Investments [Gain]	-	24.4	(24.4)		
• Salaries [Loss]	0.7	-	0.7		
• Membership Growth [Loss][1]	1.7	-	1.7		
• Benefit Payments Lower than Expected	3.8	3.8	-		
• Retired Member Experience [Gain]	(0.7)	-	(0.7)		
• Active and Inactive Member Experience [Gain]	(8.5)	-	(8.5)		
Total Experience Gains and Losses	(3.0)	28.2	(31.2)		
Effect of Assumption Changes[2]	(27.4)	-	(27.4)		
Effect of Plan Changes [none]	-	-	-		
July 1, 2026, Valuation	$106.2	$345.4	$(239.2)	325.2%	N/A

1. Membership Growth includes new hires, rehires, and transfers from non-sick leave eligible employers to sick leave eligible employers.

2. See our 2026 Sick Leave Experience Study Report dated October 7, 2026, for details of assumption changes.

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Table 1b
Gains and Losses for the Year Ended July 1, 2026 – Schools

	Actuarial Accrued Liability (in millions)	Market Value of Assets (in millions)	Unfunded Actuarial Accrued Liability (in millions)	Funded Ratio	Amort. Period (years)
July 1, 2025, Valuation	$341.3	$429.9	$(88.6)	126.0%	N/A
Expected Change Between Valuation Dates	13.7	2.9	10.8		
Expected at July 1, 2026	$355.0	$432.8	$(77.8)	121.9%	N/A
Effect of Actuarial Experience Gains and Losses:					
• Investments [Gain]	-	33.5	(33.5)		
• Salaries [Loss]	0.1	-	0.1		
• Membership Growth [Loss][1]	4.3	-	4.3		
• Benefit Payments Lower than Expected	4.8	4.8	-		
• Retired Member Experience [Gain]	(5.8)	-	(5.8)		
• Active and Inactive Member Experience [Gain]	(15.8)	-	(15.8)		
Total Experience Gains and Losses	(12.4)	38.3	(50.7)		
Effect of Assumption Changes[2]	(15.1)	-	(15.1)		
Effect of Plan Changes [none]	-	-	-		
July 1, 2026, Valuation	$327.5	$471.1	$(143.6)	143.8%	N/A

1. Membership Growth includes new hires, rehires, and transfers from non-sick leave eligible employers to sick leave eligible employers.

2. See our 2026 Sick Leave Experience Study Report dated October 7, 2026, for details of assumption changes.

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Table 2a
Three-Year History of Actuarial Gains and Losses – State

(All Dollar Amounts in Millions)

Gain (Loss) for Period

	2025-2026	2024-2025	2023-2024
Investment Income Investment income was greater (less) than expected	24.4	16.0	17.0
Pay Increases Pay increases were less (greater) than expected	(0.7)	(0.1)	(1.2)
Membership Growth New members increased liabilities by less (more) than their contributions increased assets (includes new hires, rehires, and transfers from non-sick leave eligible employers to sick leave eligible employers)	(1.7)	(2.9)	(1.9)
Postretirement Allowance Adjustment (PAA) This plan is not directly affected by the PERSI PAAs	NA	NA	NA
Other Retired Member Experience New retirees had lower (higher) sick leave balances than expected and miscellaneous retiree gains (and losses) resulting from other causes	0.7	0.8	(0.1)
Other Active and Inactive Member Experience Members using more (less) sick leave than expected and miscellaneous gains (and losses) resulting from other causes	8.5	2.5	0.8
Total Gain (Loss) During the Period From Actuarial Experience	31.2	16.3	14.6
Contribution Income Expected contributions and expected asset returns were greater (less) than the normal cost and interest on the actuarial accrued liability	3.1	2.4	2.0
Non-Recurring Items			
Changes in actuarial assumptions caused a gain (loss)	27.4	(0.4)	None
Changes in actuarial methods caused a gain (loss)	None	None	None
Changes in plan provisions caused a gain (loss)	None	None	None
Change in Future Contribution Rates	None	None	None
Composite Gain (Loss) During the Period	61.7	18.3	16.6

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the unfunded actuarial accrued liability.

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Table 2b
Three-Year History of Actuarial Gains and Losses – Schools

(All Dollar Amounts in Millions)

Gain (Loss) for Period

	2025-2026	2024-2025	2023-2024
Investment Income Investment income was greater (less) than expected	33.5	22.2	23.2
Pay Increases Pay increases were less (greater) than expected	(0.1)	(0.3)	(4.6)
Membership Growth New members increased liabilities by less (more) than their contributions increased assets (includes new hires, rehires, and transfers from non-sick leave eligible employers to sick leave eligible employers)	(4.3)	(4.3)	(4.3)
Postretirement Allowance Adjustment (PAA) This plan is not directly affected by the PERSI PAAs	NA	NA	NA
Other Retired Member Experience New retirees had lower (higher) sick leave balances than expected and miscellaneous retiree gains (and losses) resulting from other causes	5.8	4.6	4.1
Other Active and Inactive Member Experience Members using more (less) sick leave than expected and miscellaneous gains (and losses) resulting from other causes	15.8	(5.1)	7.8
Total Gain (Loss) During the Period From Actuarial Experience	50.7	17.1	26.2
Contribution Income Expected contributions and expected asset returns were greater (less) than the normal cost and interest on the actuarial accrued liability	(10.8)	(9.8)	(9.8)
Non-Recurring Items			
Changes in actuarial assumptions caused a gain (loss)	15.1	(6.5)	None
Changes in actuarial methods caused a gain (loss)	None	None	None
Changes in plan provisions caused a gain (loss)	None	None	None
Change in Future Contribution Rates	None	None	None
Composite Gain (Loss) During the Period	55.0	0.8	16.4

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the unfunded actuarial accrued liability.

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Table 3a
Summary of Key Valuation Results – State

	July 1, 2026 Valuation	July 1, 2025 Valuation	Percentage Change
1. Total Membership			
A. Active Members	22,403	22,587	-0.8%
B. Members and Beneficiaries Receiving Benefits	7,607	7,312	4.0%
C. Vested Terminated Members	NA	NA	NA
D. Non-vested Terminated Members	NA	NA	NA
E. Total Membership	30,010	29,899	0.4%
2. Annual Salaries			
A. Annual Total ($Thousands)	$ 1,596,087	$ 1,535,983	3.9%
B. Annual Average per Active Member	$ 71,244	$ 68,003	4.8%
3. Retiree Balances			
A. Total Balances ($Thousands)	$ 46,227	$ 43,579	6.1%
B. Average Balance	$ 6,077	$ 5,960	2.0%
4. Actuarial Accrued Liability ($Millions)			
A. Active Members	$ 74.7	$ 98.3	-24.0%
B. Members and Beneficiaries Receiving Benefits	31.5	34.1	-7.6%
C. Terminated Members	NA	NA	NA
D. Total Actuarial Accrued Liability (AAL)	$ 106.2	$ 132.4	-19.8%
5. Value of Program Assets ($Millions)			
A. Market Value	$ 345.4	$ 309.9	11.5%
6. Funded Status ($Millions)			
A. Funding Reserve (Unfunded Actuarial Accrued Liability, UAAL) (5A - 4D)	$ 239.2	$ 177.5	
B. Funded Ratio (5A ÷ 4D)	325.2%	234.1%	
7. Contribution Rates (percent of salaries)			
A. Current Total Blended Contribution Rate[(1)]	0.00%	0.00%	
B. Total Normal Cost Rate	0.28%	0.40%	
C. Contribution Rate Minus Normal Cost Rate (7A - 7B)	-0.28%	-0.40%	
D. Ultimate Total Blended Contribution Rate[(1)]	0.28%	0.40%	
E. Amortization Period for UAAL Based on Currently Scheduled Contribution Rates[(1)]	NA	NA	

1. Per the Board decision in 2021, there are no contributions being charged of employers through June 30, 2031. The contribution rate is scheduled to revert to the normal cost rate after this date.

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Table 3b
Summary of Key Valuation Results – Schools

	July 1, 2026 Valuation	July 1, 2025 Valuation	Percentage Change
1. Total Membership			
A. Active Members	36,322	36,306	0.0%
B. Members and Beneficiaries Receiving Benefits	8,683	8,441	2.9%
C. Vested Terminated Members	NA	NA	NA
D. Non-vested Terminated Members	NA	NA	NA
E. Total Membership	45,005	44,747	0.6%
2. Annual Salaries			
A. Annual Total ($Thousands)	$ 2,022,815	$ 1,945,491	4.0%
B. Annual Average per Active Member	$ 55,691	$ 53,586	3.9%
3. Retiree Balances			
A. Total Balances ($Thousands)	$ 73,141	$ 69,929	4.6%
B. Average Balance	$ 8,423	$ 8,284	1.7%
4. Actuarial Accrued Liability ($Millions)			
A. Active Members	$ 271.5	$ 283.3	-4.2%
B. Members and Beneficiaries Receiving Benefits	56.0	58.0	-3.4%
C. Terminated Members	NA	NA	NA
D. Total Actuarial Accrued Liability (AAL)	$ 327.5	$ 341.3	-4.0%
5. Value of Program Assets ($Millions)			
A. Market Value	$ 471.1	$ 429.9	9.6%
6. Funded Status ($Millions)			
A. Funding Reserve (Unfunded Actuarial Accrued Liability, UAAL) (5A - 4D)	$ 143.6	$ 88.6	
B. Funded Ratio (5A ÷ 4D)	143.8%	126.0%	
7. Contribution Rates (percent of salaries)			
A. Current Total Blended Contribution Rate[(1)]	0.00%	0.00%	
B. Total Normal Cost Rate	0.72%	0.76%	
C. Contribution Rate Minus Normal Cost Rate (7A - 7B)	-0.72%	-0.76%	
D. Ultimate Total Blended Contribution Rate[(1)]	0.72%	0.76%	
E. Amortization Period for UAAL Based on Currently Scheduled Contribution Rates[(1)]	NA	NA	

1. *Per the Board decision in 2026, there are no contributions being charged of employers through June 30, 2028. The contribution rate is scheduled to revert to the normal cost rate after this date.*
Also, note that contribution rates for Schools members vary by school location according to the number of days of paid sick leave accruing during the contract year, as specified in Rule 552 of the Idaho Administrative Code

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Contribution Rates

Initially, the required employer payments to cover the Plan benefits were contributed on a pay-as-you-go basis. In July 1, 1982, the Plan began pre-funding benefits, and the employer contribution rates were set to 0.40% and 0.325% of pay for State employers and School employers, respectively.

In 1988 we completed the first actuarial valuation of the Plan's liabilities. This found that the contribution rates were not sufficient to amortize the unfunded actuarial accrued liability. Therefore, the Board approved contribution rate increases to take effect over the next few years. Effective July 1, 1993, the contribution rate for State employers was set at 0.65%. Contribution rates for School employers were also increased over this time period, settling at 1.15% as of July 1, 1996.

Effective July 1, 2006, the contribution rate for School employers was increased again. The rates varied by school location between 1.16% and 1.26% according to the number of days of paid sick leave accruing during the contract year in accordance with Rule 552 of the Idaho Administrative Code.

Effective January 1, 2020, the contribution rates for State employers and for School employers were both set at 0.00%.

The contribution rates are scheduled to increase to the normal cost rate on July 1, 2031, for State employers and on July 1, 2028, for School employers.

The historical changes in contribution rates since 1992 are shown in Table C-4 in Appendix C.

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2. Scope of the Report

This report presents the actuarial valuation of the Idaho Unused Sick Leave Benefits Programs administered by the Public Employee Retirement System of Idaho as of July 1, 2026. This valuation was requested by the System's Board.

We request your attention to read the cover letter to this report, where we refer to the guidelines employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings depend. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the Programs. Sections 4 and 5 describe how the obligations of the Programs are to be met under the actuarial cost method in use. Section 6 of this report shows the estimated cash flow of future retirement benefit payments, based on the actuarial assumptions. Section 7 describes various risks that are material to the Programs.

This report includes several appendices:

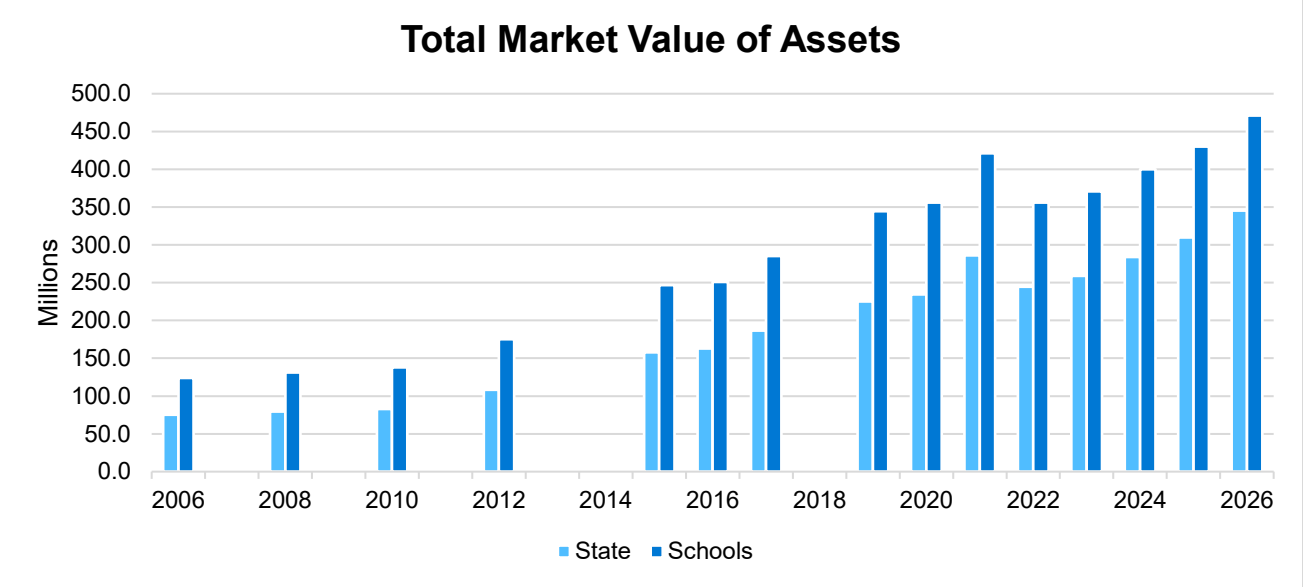
- Appendix A A summary of the actuarial procedures and assumptions.
- Appendix B A summary of the current benefit structure based on governing law on July 1, 2026.
- Appendix C Schedules of valuation data classified by various categories of contributing members and former contributing members; and comparative statistics on the Programs' contribution rates since July 1, 1982.
- Appendix D A glossary of actuarial terms used in this report.

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3. Assets

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2026. On that date, the assets available for the payment of benefits are appraised. These assets are compared with the actuarial liabilities. The actuarial process thus leads to a method of determining what contributions are needed to strike a balance.

This section of the report deals with asset determination. In the next section, the actuarial liabilities will be discussed. Section 5 deals with the process for determining required contributions based on the relationship between the assets and actuarial liabilities.



For all years shown in this table, the System has elected to use the market value of assets on the valuation date as the asset value used in calculating the Programs' funding requirements (a.k.a. the actuarial value of assets).

At July 1, 2026, the market value of assets was $345.4 million for the State Program and $471.1 million for the Schools Program. Table 4 presents a summary of the Programs' assets, and Table 5 presents an analysis of the investments.

The market value of assets has increased 359% for the State Program and 280% for the Schools Program over the value in 2006. The chart above illustrates this growth. Note that asset values are only shown for years in which an actuarial valuation was performed.

Tables 4 through 7 are derived from data furnished to us by the System. We have accepted these tables for use in this report without audit, but we have reviewed them for reasonableness and consistency with previous reports.

The yield rates shown at the top of Table 7 are net of both investment and administrative expenses. The summary at the bottom of Table 7 shows the annual yields before expenses, net of investment expenses, and net of both investment and administrative expenses. Each yield should be compared with the appropriate actuarial assumption shown in the left column. The yields on the actuarial valuation basis, net of all expenses, are 13.36% for State Program and 13.35% for the Schools Program for the year ending June 30, 2026, which are compared with the actuarial assumption, net of all expenses, of 5.40%.

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Table 4a
Market Value of Assets – State

	July 1, 2026	July 1, 2025
Assets		
Cash	$ 539,767	$ 474,310
Investments at Fair Value	344,899,602	309,432,895
Investments Sold	-	-
Contributions Receivable	-	-
Interest and Dividends Receivable	-	-
Assets Used in Plan Operations, Net	-	-
Retiree Payroll in Process	-	-
Other Prepaids	-	-
Total Assets	$ 345,439,369	$ 309,907,205
Liabilities		
Accrued Liabilities	$ 44,339	$ 19,204
Benefits and Refunds Payable	-	-
Due to Other Funds	-	-
Investments Purchased	-	-
Total Liabilities	$ 44,339	$ 19,204
Market Value of Assets	$ 345,395,030	$ 309,888,001

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Table 4b
Market Value of Assets – Schools

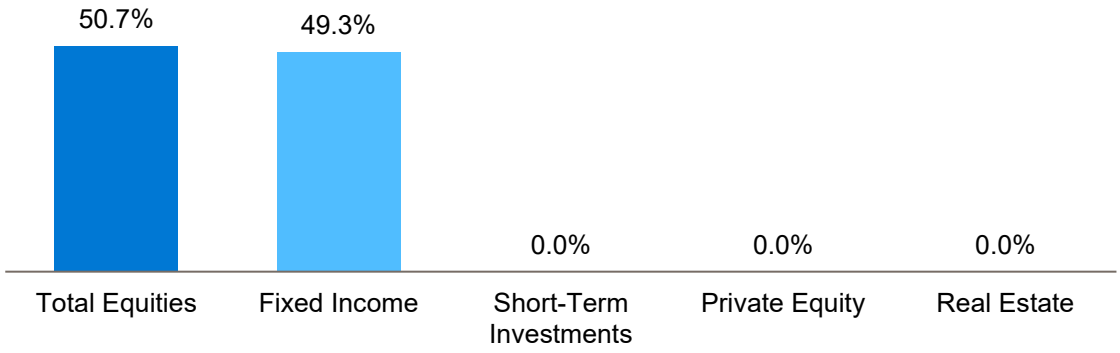
	July 1, 2026	July 1, 2025
Assets		
Cash	$ 1,311,873	$ 1,128,705
Investments at Fair Value	469,888,345	428,757,292
Investments Sold	-	-
Contributions Receivable	-	-
Interest and Dividends Receivable	-	-
Assets Used in Plan Operations, Net	-	-
Retiree Payroll in Process	-	-
Other Prepaids	-	-
Total Assets	$ 471,200,218	$ 429,885,997
Liabilities		
Accrued Liabilities	$ 50,364	$ 27,886
Benefits and Refunds Payable	-	-
Due to Other Funds	-	-
Investments Purchased	-	-
Total Liabilities	$ 50,364	$ 27,886
Market Value of Assets	$ 471,149,854	$ 429,858,111

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Table 5a
Analysis of Investments – State
July 1, 2026

	Fair Value	Percentage
Fixed Income Investments		
Domestic	$ 169,864,096	49.3%
International	-	0.0%
Idaho Commercial Mortgages	-	0.0%
Total Fixed Income	169,864,096	49.3%
Short Term Investments	-	0.0%
Real Estate	-	0.0%
Equity Securities		
Domestic	138,356,027	40.1%
International	36,679,479	10.6%
Total Equities	175,035,506	50.7%
Private Equity	-	0.0%
Total Investments	$ 344,899,602	100.0%

This table only includes the investments at fair value as of the measurement date. The total Market Value of Assets is shown on Table 4a.



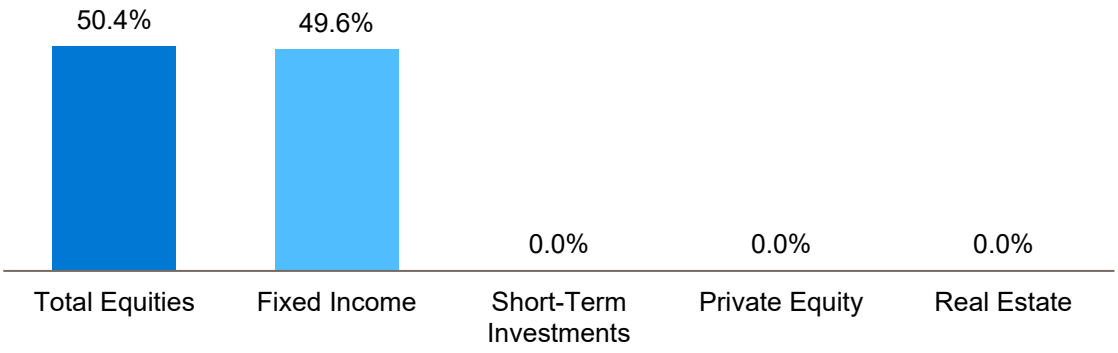
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Table 5b
Analysis of Investments – Schools

July 1, 2026

	Fair Value	Percentage
Fixed Income Investments		
Domestic	$ 233,154,966	49.6%
International	-	0.0%
Idaho Commercial Mortgages	-	0.0%
Total Fixed Income	233,154,966	49.6%
Short Term Investments	-	0.0%
Real Estate	-	0.0%
Equity Securities		
Domestic	186,814,914	39.8%
International	49,918,465	10.6%
Total Equities	236,733,379	50.4%
Private Equity	-	0.0%
Total Investments	$ 469,888,345	100.0%

This table only includes the investments at fair value as of the measurement date. The total Market Value of Assets is shown on Table 4b.



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Table 6a
Reconciliation of Assets – State

	July 1, 2025, to June 30, 2026	July 1, 2024, to June 30, 2025
Additions:		
Contributions		
Members	$ -	$ -
Employers	1,839	971
Total Contributions	$ 1,839	$ 971
Investment Income		
Net Appreciation/(Depreciation) in Fair Value of Investments	$ 41,247,707	$ 31,318,245
Interest, Dividends and Other Investment Income	-	-
Other Revenue, Net	6,692	6,188
Less: Investment Expenses	(155,649)	(109,992)
Net Investment Income	$ 41,098,750	$ 31,214,441
Total Addititions	$ 41,100,589	$ 31,215,412
Deductions:		
Benefits and Refunds Paid to Plan Members and Beneficiaries	$ 5,532,948	$ 5,237,802
Administrative Expense	60,612	60,061
Total Deductions	$ 5,593,560	$ 5,297,863
Other:		
Decrease/(Increase) in Assets Used in Plan Operations	$ -	$ -
Increase/(Decrease) in Market Value of Assets	$ 35,507,029	$ 25,917,549
Market Value of Assets, Beginning of Year	$ 309,888,001	$ 283,970,452
Market Value of Assets, End of Year	$ 345,395,030	$ 309,888,001

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Table 6b
Reconciliation of Assets – Schools

	July 1, 2025, to June 30, 2026	July 1, 2024, to June 30, 2025
Additions:		
Contributions		
Members	$ -	$ -
Employers	63	5,358
Total Contributions	$ 63	$ 5,358
Investment Income		
Net Appreciation/(Depreciation) in Fair Value of Investments	$ 56,614,053	$ 43,602,224
Interest, Dividends and Other Investment Income	-	-
Other Revenue, Net	16,002	15,105
Less: Investment Expenses	(186,160)	(135,250)
Net Investment Income	$ 56,443,895	$ 43,482,079
Total Addititions	$ 56,443,958	$ 43,487,437
Deductions:		
Benefits and Refunds Paid to Plan Members and Beneficiaries	$ 15,068,638	$ 13,548,125
Administrative Expense	83,577	84,128
Total Deductions	$ 15,152,215	$ 13,632,253
Other:		
Decrease/(Increase) in Assets Used in Plan Operations	$ -	$ -
Increase/(Decrease) in Market Value of Assets	$ 41,291,743	$ 29,855,184
Market Value of Assets, Beginning of Year	$ 429,858,111	$ 400,002,927
Market Value of Assets, End of Year	$ 471,149,854	$ 429,858,111

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Table 7
Analysis of Investment Yield

	July 1, 2025, to June 30, 2026	
	State Program	**Schools Program**
Investment Return	$ 41,254,399	$ 56,630,055
Less Investment Expenses	$ 155,649	$ 186,160
Less Administrative Expenses	$ 60,612	$ 83,577
Net Return	$ 41,038,138	$ 56,360,318
Mean Assets for Period	$ 307,122,447	$ 422,323,824
Annual Yield	13.36%	13.35%

	Summary of Annual Yields for Year Ending June 30, 2026		
Expense Basis	**Actuarial Assumption (State / Schools)**	**State Program**	**Schools Program**
Gross – Before Expenses		13.44%	13.41%
Net of Investment Expenses	5.45% / 5.45%	13.38%	13.37%
Net of All Expenses	5.40% / 5.40%	13.36%	13.35%

Notes:

1. See Tables 4, 5, and 6 for data used in this table.
2. Mean assets for period = 1/2 (beginning net assets + ending net assets - net return).
3. Annual yield = (net investment return) / mean assets.
4. Mean assets differ for each expense basis, so differences between bases are not comparable.

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4. Actuarial Liabilities

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the Programs as of the valuation date, July 1, 2026. In this section, the discussion will focus on the commitments of the Programs which are referred to as its actuarial liabilities.

Table 8 contains an analysis of the actuarial present value of all future benefits for contributing members and for former contributing members. The analysis is given by the type of benefit and by class of membership.

The actuarial liabilities summarized in Table 8 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned.

The actuarial and demographic assumptions are based on the results of the 2026 Sick Leave Experience Study, which was adopted by the Board effective July 1, 2026, and the 2025 PERSI Experience Study, which was adopted by the Board effective July 1, 2025.

All liabilities reflect the provisions of governing law in effect as of July 1, 2026, as summarized in Appendix B. No future changes are considered in determining the liabilities shown.

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Table 8a
Actuarial Present Value of Future Benefits – State

(All amounts in millions)

July 1, 2026

Active Members	Fire & Police	General Employees	Teachers	Grand Total
Service Retirement Including Reduced Early Retirement	$15.8	$98.7	$0.0	$114.5
Deferred Vested Retirement	0.0	0.0	0.0	0.0
Disability Retirement	0.0	0.0	0.0	0.0
Death	0.0	0.0	0.0	0.0
Refunds of Member Contributions	0.0	0.0	0.0	0.0
Total	$15.8	$98.7	$0.0	$114.5
Retired Members				
Total	$3.5	$26.9	$1.1	$31.5
Grand Total	$19.3	$125.6	$1.1	$146.0

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Table 8b
Actuarial Present Value of Future Benefits – Schools

(All amounts in millions)

July 1, 2026

Active Members	Fire & Police	General Employees	Teachers	Grand Total
Service Retirement Including Reduced Early Retirement	$0.0	$66.8	$362.0	$428.8
Deferred Vested Retirement	0.0	0.0	0.0	0.0
Disability Retirement	0.0	0.0	0.0	0.0
Death	0.0	0.0	0.0	0.0
Refunds of Member Contributions	0.0	0.0	0.0	0.0
Total	$0.0	$66.8	$362.0	$428.8
Retired Members				
Total	$0.0	$13.0	$43.0	$56.0
Grand Total	$0.0	$79.8	$405.0	$484.8

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5. Employer Contributions

The previous two sections were devoted to a discussion of the assets and actuarial liabilities of the Programs. Comparisons of Tables 4a/4b and 8a/8b indicate that current assets of the State Program are greater than the actuarial liabilities, but current assets of the Schools Program are less than the actuarial liabilities (specifically the actuarial present value of future benefits).

In an active system, there is often a difference between the actuarial assets and liabilities. When liabilities exceed assets, this difference has to be made up out of future contributions. An actuarial valuation method sets out a schedule of future contributions that will deal with this difference in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. For this valuation, the individual entry age actuarial cost method has been used. Under this method — or essentially any actuarial cost method — the contributions required to meet the system's needs are allocated each year between two elements:

- A normal cost amount, which ideally is relatively stable as a percentage of salary over the years; and
- The excess of the contribution rate over the normal cost; this excess is used to amortize what is called the unfunded actuarial accrued liability.

The two items described above — the normal cost and unfunded actuarial accrued liability — are the keys to understanding the actuarial cost method.

Normal Cost

The normal cost is the theoretical contribution rate that will meet the ongoing costs of a group of average employees. Suppose that a group of employees was covered under a separate fund from which all benefits and to which all contributions and associated investment returns were paid. Under the individual entry age actuarial cost method, the normal cost contribution rate is that level percentage of pay that would be exactly right to maintain this fund on a stable basis. If experience were to follow the actuarial assumptions precisely, the fund would be completely liquidated when the last payment to the last survivor of the group has been made.

We have determined the normal cost rates for the Programs separately by class of employee and type of benefit. These rates are summarized in Table 10. The normal cost rates in Table 10 reflect the actuarial assumptions adopted by the Board and the plan provisions effective July 1, 2026.

Unfunded Actuarial Accrued Liability

The term "fully funded" is often applied to a system in which contributions for everyone at the normal cost rate are projected to be sufficient to pay for the benefits of existing employees as well as for those of new employees. Many systems are not fully funded, either because of past benefit improvements that have not been completely paid for or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. However, even if a system does not have a positive UAAL, a portion or all of the normal cost contribution payments will need to be continued in order to have sufficient funds to pay future benefits. The use of the term "fully funded" may imply that no further contributions are required at all. Therefore, a better term is a "well-funded" plan. This occurs when the value of the assets exceeds the actuarial accrued liability, and the difference is referred to in the PERSI funding policy as the Funding Reserve.

Table 9 shows how the UAAL or Funding Reserve was derived for the Programs. Line A shows the total actuarial liability for all future benefits. The portion of the future liability expected to be paid from future normal cost contributions is shown on Line B. The difference between lines A and B is the Program's actuarial accrued liability as of the actuarial valuation date.

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The UAAL, at any date after establishment of a system, is affected by any actuarial gains or losses arising when the actual experience of the system varies from the experience anticipated by the actuarial assumptions used in the valuations. To the extent actual experience, as it develops, differs from that expected according to the assumptions used, so also will the emerging costs differ from the estimated costs disclosed in this report.

Funding Adequacy

A key consideration in determining the adequacy of the funding of a system is how the UAAL is being serviced. If the UAAL amount is positive, that is, the actuarial accrued liability to be funded is greater than the assets, then the UAAL is amortized.

There has been no UAAL since the July 1, 2010, valuation for the State Program and since the July 1, 2012, valuation for the Schools Program.

Contribution Rates

Table 11 shows the current contribution rates and scheduled increases (if any).

Table 12 shows the actuarially determined contribution rates for each program. These rates based on the Board scheduled contribution rates. For both Programs, there is no UAAL to amortize, and the contribution holidays are scheduled to end prior to the Funding Reserves being exhausted. After the end of the contribution holiday, contribution rates are scheduled to be set equal to the normal cost rate, so no UAAL is projected to arise if all actuarial assumptions are met.

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Table 9
Unfunded Actuarial Accrued Liability

(All amounts in millions)

State

	Valuation Date:	July 1, 2026	July 1, 2025
A.	Actuarial Present Value of all Future Benefits	$ 146.0	$ 192.0
B.	Actuarial Present Value of Total Future Normal Costs	39.8	59.6
C.	Actuarial Accrued Liability [A - B]	$ 106.2	$ 132.4
D.	Market Value of Assets Available for Benefits	345.4	309.9
E.	UAAL (Funding Reserve) [C - D]	$ (239.2)	$ (177.5)
F.	Amortization Period	NA	NA
G.	Funded Ratio [D / C]	325.2%	234.1%

Schools

	Valuation Date:	July 1, 2026	July 1, 2025
A.	Actuarial Present Value of all Future Benefits	$ 484.8	$ 502.5
B.	Actuarial Present Value of Total Future Normal Costs	157.3	161.2
C.	Actuarial Accrued Liability [A - B]	$ 327.5	$ 341.3
D.	Market Value of Assets Available for Benefits	471.1	429.9
E.	UAAL (Funding Reserve) [C - D]	$ (143.6)	$ (88.6)
F.	Amortization Period	NA	NA
G.	Funded Ratio [D / C]	143.8%	126.0%

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Table 10a
Normal Cost Rates – State

July 1, 2026[1]

	Fire & Police	General Employees	Teachers	Total Rate
Service Retirement Including Reduced Early Retirement	0.32%	0.28%	0.00%	0.28%
Deferred Vested Retirement	0.00%	0.00%	0.00%	0.00%
Disability Retirement	0.00%	0.00%	0.00%	0.00%
Death	0.00%	0.00%	0.00%	0.00%
Refunds of Member Contributions	0.00%	0.00%	0.00%	0.00%
Total	0.32%	0.28%	0.00%	0.28%
Less Member Contributions	0.00%	0.00%	0.00%	0.00%
Employer Normal Cost Rate	0.32%	0.28%	0.00%	0.28%

Analysis of Member Contributions

Member Contributions	0.00%	0.00%	0.00%	0.00%
Less Expected Refunds	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%

1. *Total Normal Cost Rates are based on the Individual Entry Age Normal Cost Method.*

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Table 10b
Normal Cost Rates – Schools

July 1, 2026[1]

	Fire & Police	General Employees	Teachers	Total Rate
Service Retirement Including Reduced Early Retirement	0.00%	0.55%	0.77%	0.72%
Deferred Vested Retirement	0.00%	0.00%	0.00%	0.00%
Disability Retirement	0.00%	0.00%	0.00%	0.00%
Death	0.00%	0.00%	0.00%	0.00%
Refunds of Member Contributions	0.00%	0.00%	0.00%	0.00%
Total	0.00%	0.55%	0.77%	0.72%
Less Member Contributions	0.00%	0.00%	0.00%	0.00%
Employer Normal Cost Rate	0.00%	0.55%	0.77%	0.72%

Analysis of Member Contributions

Member Contributions	0.00%	0.00%	0.00%	0.00%
Less Expected Refunds	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%

1. *Total Normal Cost Rates are based on the Individual Entry Age Normal Cost Method.*

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Table 11
Current Contribution Rates

System	State Program		Schools Program	
Rates as of	July 1, 2026	July 1, 2031 (1)	July 1, 2026	July 1, 2028 (2)
All state employers	0.00%	0.28%	NA	NA
School grants 9-10 days of paid sick leave per year	NA	NA	0.00%	0.70%
School grants 11-14 days of paid sick leave per year	NA	NA	0.00%	0.76%
Weighted Average	0.00%	0.28%	0.00%	0.72%

1. *Per the Board decision in 2021, there are no contributions being charged of state employers through June 30, 2031. The contribution rate is scheduled to revert to the normal cost rate after this date.*

2. *Per the Board decision in 2026, there are no contributions being charged of school employers through June 30, 2028. The contribution rate is scheduled to revert to the normal cost rate after this date. The rates shown here for schools granting 9-10 days of paid sick leave per year and those that grant 11-14 days assume that the contribution rates for the two groups of school employers will remain at the same proportion as were being charged prior to January 1, 2020.*

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Table 12a
Actuarially Determined Contribution Rate – State

	Valuation Date	July 1, 2026					July 1, 2025
	Funding Basis	Actual Contribution Rates				Actuarially Determined Contribution Rate for FY2027[1]	Actual Contribution Rate
	Group	Fire & Police	General Employees	Teachers	Total	Total	Total
A.	Employer Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
B.	Member Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
C.	**Total Contribution Rate [A + B]**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
D.	Total Normal Cost Rate	0.32%	0.28%	0.00%	0.28%	0.28%	0.40%
E.	Amount Available to Amortize Liability [C - D]	(0.32%)	(0.28%)	0.00%	(0.28%)	(0.28%)	(0.40%)
F.	Dollar Amount of UAAL in Millions (if negative, Funding Reserve)				($239.2)	($239.2)	($177.5)
G.	Average Remaining Working Lifetime of Active Members				9.3 years	9.3 years	10.1 years
H.	Amortization Period				NA	NA	NA

1. *The Actuarially Determined Contribution (ADC) rates are based on the Board scheduled contribution rates. For both Programs, there is no UAAL to amortize, and the contribution holidays are scheduled to end prior to the Funding Reserves being exhausted. After the end of the contribution holiday, contribution rates are scheduled to be set equal to the normal cost rate, so no UAAL is projected to arise if all actuarial assumptions are met.*

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Table 12b
Actuarially Determined Contribution Rate – Schools

	Valuation Date	July 1, 2026					July 1, 2025
	Funding Basis	Actual Contribution Rates				Actuarially Determined Contribution Rate for FY2027[1]	Actual Contribution Rate
	Group	Fire & Police	General Employees	Teachers	Total	Total	Total
A.	Employer Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
B.	Member Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
C.	**Total Contribution Rate [A + B]**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
D.	Total Normal Cost Rate	0.00%	0.55%	0.77%	0.72%	0.72%	0.76%
E.	Amount Available to Amortize Liability [C - D]	0.00%	(0.55%)	(0.77%)	(0.72%)	(0.72%)	(0.76%)
F.	Dollar Amount of UAAL in Millions (if negative, Funding Reserve)				($143.6)	($143.6)	($88.6)
G.	Average Remaining Working Lifetime of Active Members				10.0 years	10.0 years	10.4 years
H.	Amortization Period				NA	NA	NA

1. *The Actuarially Determined Contribution (ADC) rates are based on the Board scheduled contribution rates. For both Programs, there is no UAAL to amortize, and the contribution holidays are scheduled to end prior to the Funding Reserves being exhausted. After the end of the contribution holiday, contribution rates are scheduled to be set equal to the normal cost rate, so no UAAL is projected to arise if all actuarial assumptions are met.*

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6. Supplemental Information

Cash Flow Projections

Table 13 summarizes the historical cash flows for the Unused Sick Leave Benefits programs and the projected cash flows for the next ten years. Beginning in 2020, contributions were less than benefits in both Programs, and the Programs began drawing on the fund that has been built. The cash flow is projected to be negative in each of the next ten years.

The projected cash flows include contributions and benefits. They are based on the actuarial assumptions as stated in Appendix A and the scheduled contribution rates shown in Table 11. Any other changes in contribution rates would change net cash flows.

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Table 13a
Cash Flow History and Projections – State

(All dollar amounts in millions)

Historical Cash Flows - State

Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2017	$ 7.1	$ 5.0	$ 2.1
2018	7.2	4.7	2.5
2019	7.5	4.6	2.9
2020	4.5	4.7	(0.2)
2021	0.0	5.1	(5.1)
2022	0.0	5.5	(5.5)
2023	0.0	5.5	(5.5)
2024	0.0	5.7	(5.7)
2025	0.0	5.2	(5.2)
2026	0.0	5.5	(5.5)

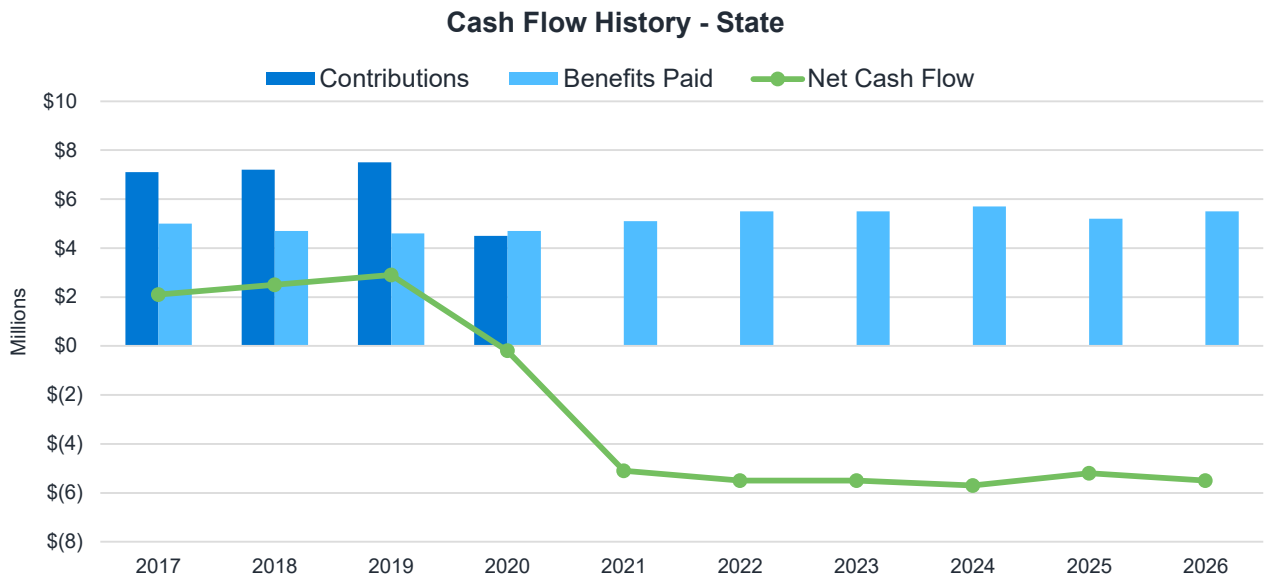
Projected Cash Flows - State

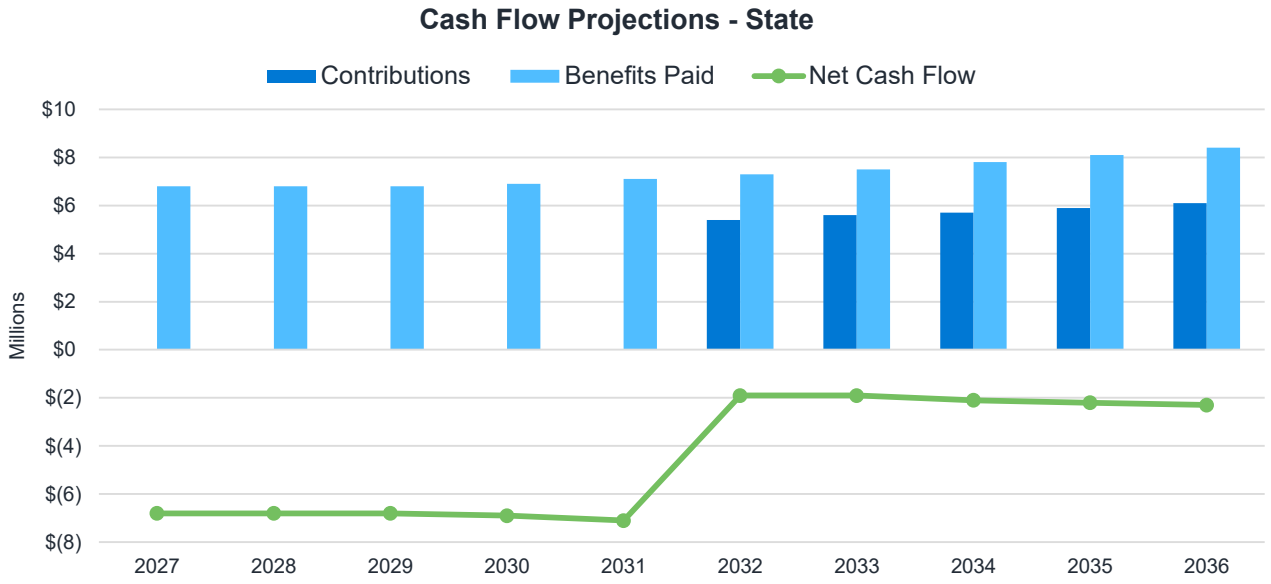
Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2027	$ 0.0	$ 6.8	$ (6.8)
2028	0.0	6.8	(6.8)
2029	0.0	6.8	(6.8)
2030	0.0	6.9	(6.9)
2031	0.0	7.1	(7.1)
2032	5.4	7.3	(1.9)
2033	5.6	7.5	(1.9)
2034	5.7	7.8	(2.1)
2035	5.9	8.1	(2.2)
2036	6.1	8.4	(2.3)

Notes:

1. Projected contributions are based on the currently scheduled contribution rates.
2. Projected benefits paid only includes benefits paid to members included in this valuation. No adjustments are made for benefits paid to future new members.
3. A negative cash flow means a portion of the Fund's investment income will need to be used to cover expected benefit payments. This could impact the Fund's future asset allocations and asset liquidity needs.

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Notes:

1. Projected contributions are based on the currently scheduled contribution rates.
2. Projected benefits paid only includes benefits paid to members included in this valuation. No adjustments are made for benefits paid to future new members.
3. A negative cash flow means a portion of the Fund's investment income will need to be used to cover expected benefit payments. This could impact the Fund's future asset allocations and asset liquidity needs.

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Table 13b
Cash Flow History and Projections – Schools

(All dollar amounts in millions)

Historical Cash Flows - Schools

Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2017	$ 14.8	$ 13.2	$ 1.6
2018	15.6	12.2	3.4
2019	16.4	11.9	4.5
2020	9.0	11.9	(2.9)
2021	0.0	12.4	(12.4)
2022	0.0	12.7	(12.7)
2023	0.0	13.3	(13.3)
2024	0.0	13.7	(13.7)
2025	0.0	13.5	(13.5)
2026	0.0	15.1	(15.1)

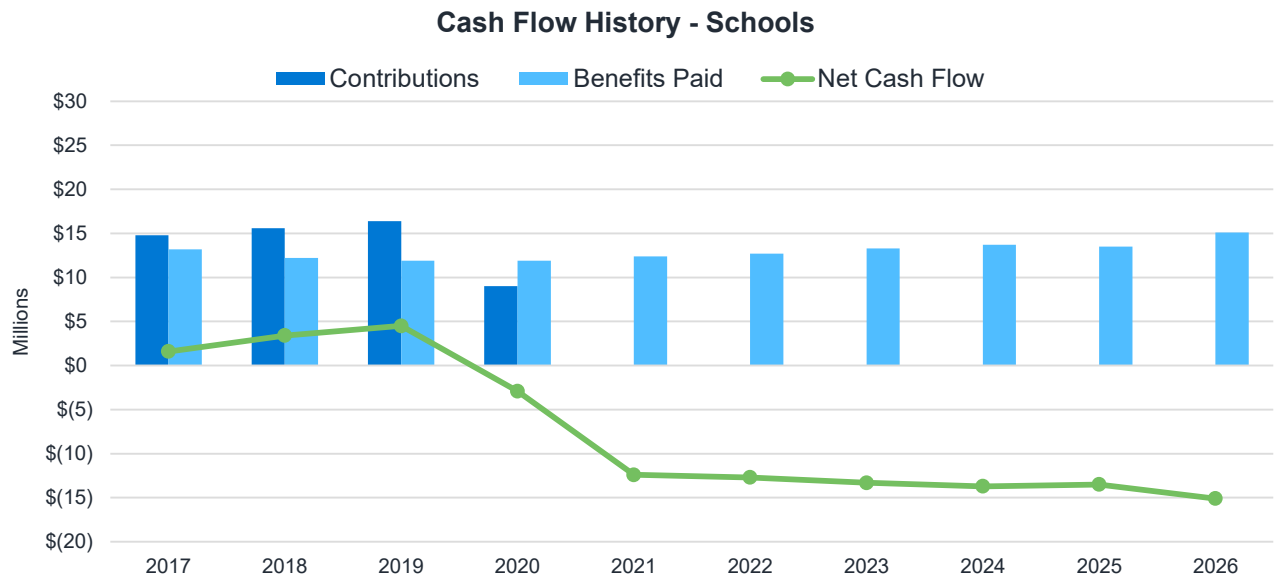
Projected Cash Flows - Schools

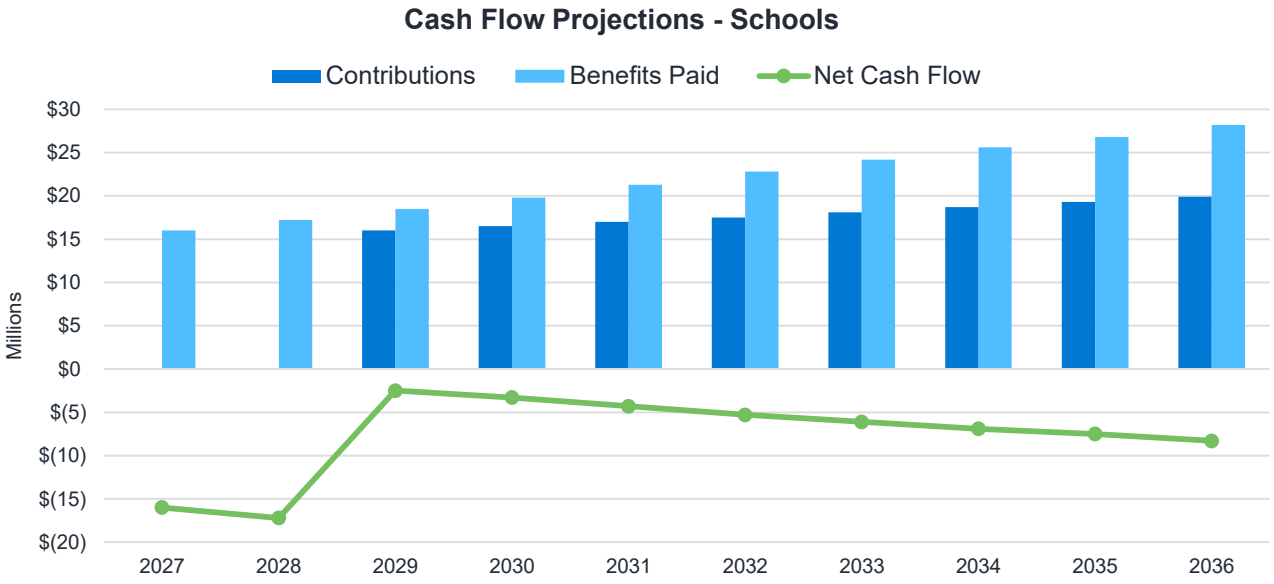
Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2027	$ 0.0	$ 16.0	$ (16.0)
2028	0.0	17.2	(17.2)
2029	16.0	18.5	(2.5)
2030	16.5	19.8	(3.3)
2031	17.0	21.3	(4.3)
2032	17.5	22.8	(5.3)
2033	18.1	24.2	(6.1)
2034	18.7	25.6	(6.9)
2035	19.3	26.8	(7.5)
2036	19.9	28.2	(8.3)

Notes:

1. Projected contributions are based on the currently scheduled contribution rates.
2. Projected benefits paid only includes benefits paid to members included in this valuation. No adjustments are made for benefits paid to future new members.
3. A negative cash flow means a portion of the Fund's investment income will need to be used to cover expected benefit payments. This could impact the Fund's future asset allocations and asset liquidity needs.

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Notes:

1. Projected contributions are based on the currently scheduled contribution rates.
2. Projected benefits paid only includes benefits paid to members included in this valuation. No adjustments are made for benefits paid to future new members.
3. A negative cash flow means a portion of the Fund's investment income will need to be used to cover expected benefit payments. This could impact the Fund's future asset allocations and asset liquidity needs.

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7. Risk Disclosure

The purpose of this section is to identify, assess, and provide illustrations of risks that are significant to the Plan, and in some cases to the Plan's members.

In addition, as plans mature, they accumulate larger pools of assets and liabilities. This increases the potential risk to plan funding and the finances of those who are responsible for plan funding. As shown by the Asset Volatility Ratio discussed later in this section, the Programs' assets are now much larger compared to payroll than in the past. The Asset Volatility Ratio example shows that because of this, a 10% investment loss on assets today costs about twice as much, when measured as a percent of payroll, than a 10% investment loss would have cost in 2006. Since the Plan makes long-term promises and relies on long-term funding, it is important to consider how mature the Plan is today and how mature it may become in the future.

The results of any actuarial valuation are based on one set of assumptions. Although we believe the current assumptions for the Plan provide a reasonable estimate of future expectations, it is almost certain that future experience will differ from the assumptions to some extent. It is therefore important to consider the potential impacts of these potential differences between assumptions and experience when making decisions that may affect the future financial health of the Plan, or of the Plan's members.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring plan liabilities and the determination of plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

This Section uses the framework of ASOP 51 to communicate important information about significant risks to the Plan, the Plan's maturity, and relevant historical Plan data.

Identification of Risks

There are a number of factors that affect future valuation results. To the extent actual experience for these factors varies from the assumptions, this will likely cause either increases or decreases in the Plan's future funding level and calculated contribution rates. Examples of factors that can have a significant impact on valuation results are:

- Investment return as this will impact the level of assets available to pay benefits.
- Payroll variation as this will impact the ability to finance unfunded amounts as a percent of future pay.
- Salary variation as this will impact the size of benefits members receive.
- Service retirement as this will impact: the size of retiree benefits, the amount of time to receive employer and employee contributions, and the amount of time for investment earnings to accumulate on those contributions.
- Termination (members leaving active employment for reasons other than death, disability, or service retirement) as this will impact how many members receive benefits.
- Sick leave usage as this will impact the size of the retiree benefits.

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Investment Return

Of the factors listed above, we believe the factor with the greatest potential risk is future investment returns. For example, in the fiscal year ended June 30, 2022, the State Program fund had an asset return of -12.78%, and the Schools Program had an asset return of -12.69%. These caused the State and Schools Programs to experience actuarial losses of $51.5 million and $75.1 million, respectively.

The Programs' target allocations represent a balance of risk and return. Investing in lower-returning asset classes should reduce future investment returns and therefore increase future contribution rates, but the lower risk levels might result in lower year-over-year volatility in contribution rates. Conversely, investing in higher-returning asset classes should increase future investment returns and therefore reduce future contribution rates, but might also increase the volatility of those contribution rates.

If the Programs were invested in a low-default-risk portfolio (e.g.,100% in the Bond Buyer GO 20-Bond Municipal Index), it would impact the investment earnings assumption and therefore the actuarial accrued liability, funded ratio, and ultimately the contribution rates; the volatility of the contribution rates would also change based on the risk level of the portfolio:

	State Program		Schools Program	
July 1, 2026	**Bond Buyer Index[1]**	**Current Assumption**	**Bond Buyer Index[1]**	**Current Assumption**
Investment Earnings Assumption[2]	4.61%[3]	5.60%	4.61%[3]	5.60%
Actuarial Accrued Liability	$116.4 million[4]	$106.2 million	$355.6 million[4]	$327.5 million

1 This would be considered a "low-default-risk obligation measure (LDROM)" using the language of ASOP No. 4.

2 Net of all expenses including 0.02% of assumed administrative expenses.

3 July 1, 2026, rate of 4.63% net of the 0.02% administrative expense assumption.

4 Calculated using the same actuarial assumptions and methods that were used for this valuation, except for the interest rate.

The Bond Buyer Index example helps the reader understand the cost of investing in an all-bond portfolio and lowering expected long-term investment returns. The Programs' current assumptions reflect the actual investment portfolios. Benefit security for members of the Programs rely on a combination of the assets in the Programs, the investment returns generated on those assets, and the promise of future contributions from the plan sponsors.

Since the assets of the Programs are not invested in all-bond portfolios, the Bond Buyer Index example does not indicate the funding status or progress, nor provide information on necessary Plan contributions or the security of participant benefits. The difference between the Programs' current assumptions and the Bond Buyer Index example can be thought of as representing the expected taxpayer savings from investing in the Programs' diversified portfolios compared to investing only in high quality bonds.

Demographic Experience

There are many assumptions made in an actuarial valuation. For these assumptions, differences between actual and assumed experience will also result in actuarial gains and losses. Table 2a and Table 2b, in Section 1 of this report, provides a look at the impact in recent years of actual experience deviating from assumed.

Asset Volatility Ratios and Liability Volatility Ratios

The magnitude of any contribution rate increase or decrease is affected by a plan's maturity level. As plans mature, they accumulate larger pools of assets. Gains and losses on these larger pools of assets create more volatility in the contributions needed to fund the plan.

One indicator of this potential volatility is the Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by the total payroll. As assets grow compared to payroll, any percentage gain or loss on those

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assets will be larger compared to payroll. This causes any resulting changes in required contributions from those gains or losses to also be larger when measured as a percent of payroll. Therefore, plans with a high AVR will be subject to a greater level of volatility in required contributions. The AVR is a current measure since it is based on the current level of assets and will vary from year to year. The current AVR for the State Program and Schools Program is 0.2 and 0.2, respectively.

Another measure of a plan's maturity is the Liability Volatility Ratio (LVR), which is equal to the AAL divided by the total payroll. This ratio provides an indication of the potential contribution volatility due to liability experience (gains and losses) and liability re-measurements (assumption changes). The current LVR for the State Program and Schools Program is 0.1 and 0.2, respectively.

Historical and Projected Cash Flows

One way to assess future risks is to look at historical measurements. Table 13, in Section 6 of this report, summarizes the Programs' historical cash flows for the last ten years and the projected cash flows for the next ten years. Additional historical information can be found in Appendix C.

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Appendices



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Appendix A Actuarial Procedures and Assumptions

The actuarial procedures and assumptions used in this valuation are described in this section. The 2026 Sick Leave Experience Study resulted in updated investment return assumption, unused sick leave accrual assumptions, new forfeiture assumptions, an updated payout period assumption, as well Sick Leave specific assumptions for rates of retirement and other terminations from employment.

The mortality assumptions are based on the Pub 2010 Mortality Tables with generational mortality improvement adjustments, as described in this section.

The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of the Programs and of the Programs themselves in areas that affect the projected benefit flow and anticipated investment earnings. When future experience varies from these assumptions, there will be corresponding changes in the estimated costs of the Programs' benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed. The other rates were developed from the experience of the Programs and the System and are illustrated in Tables A-2 through A-9b, as noted.

Tables A-2 and A-3 present the expected annual percentage increase in salaries. Tables A-4–A-8 give rates of decrement expressed as percentages.

Table A-9a presents the sick leave hours accumulation assumption for State members. Table A-9b presents the sick leave days accumulation assumption for Schools members.

Actuarial Cost Method

The actuarial valuation is prepared using the individual entry age actuarial cost method. In August 2013, the Board adopted this new cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the unfunded actuarial accrued liability (UAAL). The UAAL, if positive, is amortized as a level percentage of the projected salaries of present and future members of the Plan during various amortization periods. In effect, this means that UAAL amortization payments are assumed to grow at the same rate as the General Wage increase assumption (currently 3.15%).

The normal cost rates used in this valuation were calculated based on all current active members as of July 1, 2026. The normal cost and projected salaries for fiscal year 2027 for all active members were calculated. The ratio of the two is the aggregate normal cost rate. Separate normal cost rates for each type of employee are shown in Tables 10a and 10b. The separate rates are for illustrative purposes and are not used otherwise in the actuarial valuation.

Records and Data

The data used in this valuation consists of financial information and the age, service, income records, and sick leave for contributing and former contributing members. All of the data was supplied by the System and were accepted for valuation purposes without audit but were reviewed for reasonableness.

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Data Adjustments

- Data for Plan members that participate in PERSI was based on the valuation data from the PERSI base plan. See that valuation report for a description of the data adjustments made to the data.
- 235 duplicate members were removed from the ORP member census provided.
- 69 active members in the ORP member census were missing gender information. Gender information was available in last year's valuation for 42 member, so that was used in these cases. For the other 27 members, we assumed these were female members.
- 357 participants were missing salary information. We have removed those members from the valuation.
- 559 active members were missing information on unused sick leave days/hours. We've projected their current sick leave days/hours from their hire date to the valuation date using the applicable accrual rates from Tables A-9a or A-9b.
- Some schools report sick leave in hours and others in days; however, the sick leave amounts are provided to us without units. We estimate whether the provided amounts for each school member are reported in days or hours. Those that appear to be reported as hours, we convert to days assuming 8 hours per day.
- Compensation is provided as annual amounts, however benefits are based on hourly or daily pay rates. We convert State Program member's annual pay to hourly rates assuming 2,080 hours per year. We convert Schools Program member's annual pay to daily rates assuming 190 days per year.

Growth in Membership

For benefit determination purposes, no growth in the membership of the Programs is assumed. For funding purposes, the total payroll of covered members is assumed to grow at 3.15% annually due to the combined effects of future wage increases of current active members and the replacement of the current active members by new employees. No growth in the total number of active members is assumed.

Employer Contributions

The employer contribution rate has been set by the Retirement Board as of July 1, 2026, at 0.00% for State members and 0.00% for Schools members.

Effective July 1, 2031, the employer contribution rate is scheduled to be adjusted to the Normal Cost Rate for State members. Effective July 1, 2028, the employer contribution rate is scheduled to be adjusted to the Normal Cost Rate for Schools members.

Member Contributions

The member contribution rate is set to 0.00% for all members.

Valuation of Assets

All assets are valued at market as of the valuation date.

Investment Earnings and Expenses

The future investment earnings of the assets of the Programs are assumed to accrue at an annual rate (net of investment expenses) of 5.62%, compounded annually. Investment earnings of 0.02% are assumed sufficient to cover the general administrative expenses of the Programs, giving an investment earning assumption (net of all expenses) of 5.60%. These rates were adopted July 1, 2026.

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Future Salaries

The rates of annual salary increase assumed for the purpose of the valuation are illustrated in Tables A-2 and A-3. The current assumptions for promotions and longevity were adopted July 1, 2025. In addition to increases in salary due to promotions and longevity, a 3.15% per annum rate of increase in the general wage level of the membership is assumed, adopted July 1, 2025.

Retirement

After members attain age 55 (50 for fire and police) and have five years of service, they may retire early with a reduced PERSI benefit. These early retirement rates are shown in Table A-6.

During the year after first satisfying the age and service requirements for unreduced benefits, whether for service or early retirement, members are assumed to retire at the rates shown in Table A-4. After the first year of eligibility, members are assumed to retire at the rates shown in Table A-5.

All general members who attain or have attained age 75 in active service and all other members who have attained age 70 in active service are assumed to retire immediately.

The assumptions regarding termination of employment, early retirement, and unreduced service retirement are treated as a single set of decrements with regard to a particular member. For example, a teacher member hired at age 30 could be expected to possibly withdraw from the Plan due to death, disability, or other termination of employment until age 55. After age 55, the member could still withdraw due to death or disability. From age 55 to 60, the member could also withdraw with an early retirement and a reduced PERSI benefit, as shown in Table A-6. At age 60 (Rule of 90), the member is first eligible to retire with an unreduced benefit. The probability of retiring at age 60 is shown in Table A-4.

Thereafter, the probabilities of retirement for this member are indicated in Table A-5.

Thus, in no year during the member's projected employment would more than one of the decrements shown in Tables A-8, A-4, A-5, or A-6 be applied. As a simplification, determination of which decrement rates to use (Table A-8, A-4, A-5, or A-6) was based on the PERSI retirement eligibility requirements (even for ORP members).

Tables A-4, A-5, and A-6 were revised July 1, 2026, for general, fire, and police. The rates for teachers was revised July 1, 2025.

Disability

The rates of disability used in the valuation are illustrated in Table A-7. These rates were revised July 1, 2025. We assume that members who become disabled will draw their sick leave balance down to zero and therefore have no entitlement upon disability retirement.

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Mortality

Several different sets of mortality rates are used in the valuation for active members. These rates were adopted July 1, 2025.

Group	Base Mortality Tables + Adjustments
General Male Non-Annuitant	Pub-2010, amount-weighted, general, male, employee table
General Female Non-Annuitant	Pub-2010, amount-weighted, general, female, employee table
Teacher Male Non-Annuitant	Pub-2010, amount-weighted, teacher, male, employee table
Teacher Female Non-Annuitant	Pub-2010, amount-weighted, teacher, female, employee table
Fire & Police Male Non-Annuitant	Pub-2010, amount-weighted, safety, male, employee table
Fire & Police Female Non-Annuitant	Pub-2010, amount-weighted, safety, female, employee table

All mortality tables are adjusted with generational projection scales. The projection scales are calculated at each age as the 60-year geometric average of the mortality improvement rates reported by the Social Security Administration from 1959 through 2019 (blended 50% female, 50% male).

Other Employment Terminations

Table A-8 shows the rates assumed in this valuation for future withdrawal from active service for reasons other than death, disability, or retirement. The rates for general, fire, and police were revised July 1, 2026. The rate for teachers was revised July 1, 2025.

Sick Leave Accounts

Tables A-9a and A-9b show the projected annual growth in these individual balances. These were revised July 1, 2026.

Forfeitures of Sick Leave Balances

9.25% and 5.00% (State and Schools, respectively) of the sick leave benefits (as of the later of retirement or the valuation date) are assumed to be forfeited due to death before benefits are fully spent. Active and inactive liabilities are reduced by this percentage. This was revised July 1, 2026.

Payout Percentage

15% and 20% (State and Schools, respectively) of remaining retiree balances are assumed to be paid out each year. This was revised July 1, 2026.

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Table A-1
Summary of Valuation Assumptions

July 1, 2026

I.	Economic Assumptions	
	A. General wage increases	3.15%
	B. Investment earnings (net of expenses)	5.60
	C. Payroll growth	3.15
	D. Postretirement benefit increases	NA
	E. Inflation	2.40
II.	Demographic Assumptions	
	A. Salary increases	Tables A-2, A-3
	B. Retirement	Tables A-4, A-5, A-6
	C. Disability	Table A-7
	D. Mortality among members	

Group	Base Mortality Tables + Adjustments
General Male Non-Annuitant	Pub-2010, amount-weighted, general, male, employee table
General Female Non-Annuitant	Pub-2010, amount-weighted, general, female, employee table
Teacher Male Non-Annuitant	Pub-2010, amount-weighted, teacher, male, employee table
Teacher Female Non-Annuitant	Pub-2010, amount-weighted, teacher, female, employee table
Fire & Police Male Non-Annuitant	Pub-2010, amount-weighted, safety, male, employee table
Fire & Police Female Non-Annuitant	Pub-2010, amount-weighted, safety, female, employee table

All mortality tables are adjusted with generational projection scales. The projection scales are calculated at each age as the 60-year geometric average of the mortality improvement rates reported by the Social Security Administration from 1959 through 2019 (blended 50% female, 50% male).

	E. Other terminations of employment	Table A-8
	F. Sick Leave balance Accumulation – State members	Table A-9a
	G. Sick Leave balance Accumulation – Schools members	Table A-9b
	H. Forfeiture of Sick Leave Balance	9.25% State / 5.00% Schools
	I. Payout Percentage	15% State / 20% Schools

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Table A-2
Future Salaries

Years of Service	Annual Increase in Salary Due to Promotions and Longevity				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
0	17.11%	13.59%	15.87%	16.40%	15.88%
1	7.65	5.77	7.07	5.76	5.48
2	5.44	3.81	4.77	4.77	4.83
3	5.11	3.30	4.31	4.27	4.60
4	3.62	2.89	3.56	3.87	4.25
5	3.38	2.59	3.29	3.87	4.19
6	3.15	2.28	3.02	3.87	4.12
7	2.91	1.98	2.74	3.87	4.05
8	2.67	1.67	2.47	3.87	3.99
9	2.43	1.37	2.20	3.87	3.92
10	2.12	1.28	2.05	3.45	3.60
11	1.81	1.20	1.91	3.04	3.27
12	1.50	1.12	1.77	2.63	2.95
13	1.18	1.04	1.62	2.22	2.63
14	0.87	0.96	1.48	1.80	2.30
15	0.87	0.84	1.37	1.70	2.05
16	0.87	0.73	1.26	1.61	1.80
17	0.87	0.61	1.14	1.51	1.56
18	0.87	0.50	1.03	1.41	1.31
19	0.87	0.39	0.92	1.31	1.06
20	0.87	0.38	0.86	1.14	0.99
21	0.87	0.36	0.79	0.97	0.92
22	0.87	0.35	0.73	0.79	0.85
23	0.87	0.34	0.66	0.62	0.78
24	0.87	0.33	0.60	0.45	0.72
25 or more	0.79	0.24	0.45	0.45	0.56

Increases from the above table are applied based on the member's rounded service as of the beginning of each year.

In addition to increases in salary due to promotions and longevity, 3.15% per annum rate of increase in the general wage level of the membership is assumed.

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Table A-3
Future Salaries (including general wage increases)

Years of Service	Total Annual Increase in Salary[1]				
	Fire and Police	General Employees		Teachers	
		Men	Women	Men	Women
0	20.80%	17.17%	19.52%	20.06%	19.53%
1	11.05	9.10	10.44	9.09	8.80
2	8.76	7.08	8.07	8.07	8.13
3	8.42	6.56	7.60	7.56	7.90
4	6.89	6.14	6.82	7.14	7.54
5	6.64	5.82	6.54	7.14	7.47
6	6.39	5.51	6.26	7.14	7.40
7	6.15	5.19	5.98	7.14	7.33
8	5.90	4.87	5.70	7.14	7.26
9	5.65	4.56	5.42	7.14	7.19
10	5.33	4.47	5.27	6.71	6.86
11	5.01	4.39	5.12	6.29	6.53
12	4.69	4.31	4.97	5.86	6.19
13	4.37	4.22	4.82	5.43	5.86
14	4.05	4.14	4.67	5.01	5.53
15	4.05	4.02	4.56	4.91	5.27
16	4.05	3.90	4.45	4.81	5.01
17	4.05	3.78	4.33	4.71	4.75
18	4.05	3.67	4.22	4.60	4.50
19	4.05	3.55	4.10	4.50	4.24
20	4.05	3.54	4.03	4.32	4.17
21	4.05	3.53	3.97	4.15	4.10
22	4.05	3.51	3.90	3.97	4.03
23	4.05	3.50	3.83	3.79	3.96
24	4.05	3.49	3.77	3.61	3.89
25 or more	3.97	3.40	3.61	3.61	3.73

1. The total expected increase in salary is the increase due to promotions and longevity, shown in Table A-2, adjusted for an assumed 3.15% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.

Increases from the above table are applied based on the member's rounded service as of the beginning of each year.

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Table A-4
Immediate Retirement

	Retirement Rates in First Year Eligible for Unreduced Benefits						
		General Employees - Schools		General Employees - State		Teachers	
Age	Fire and Police	Men	Women	Men	Women	Men	Women
55[1]	31%	12%	32%	37%	10%	44%	43%
56	15	12	12	24	17	44	43
57	24	12	12	25	22	44	37
58	7	21	17	31	21	34	41
59	24	23	28	24	23	42	40
60	15	30	28	31	33	44	38
61	21	10	29	21	25	38	44
62	21	38	36	37	32	59	53
63	21	43	31	36	33	54	56
64	21	36	32	42	34	49	51
65	39	32	37	29	36	28	45
66	39	19	31	26	25	30	36
67	39	19	31	26	25	30	36
68	39	19	31	26	25	30	36
69	39	19	31	26	25	30	36
70	[2]	21	19	16	22	[2]	[2]
71		21	19	16	22		
72		21	19	16	22		
73		21	19	16	22		
74		21	19	16	22		
75		[2]	[2]	[2]	[2]		

1. 10% rate assumed for fire and police members eligible from age 50, 35% for age 51, 19% for age 52, 16% for age 53, and 38% for age 54.

2. For all ages older than the age indicated, retirement is assumed to occur immediately.

Rates from the above table are applied based on the member's rounded age as of the beginning of each year.

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Table A-5
Service Retirement

	Retirement Rates Among Persons Who Have Been Eligible for Unreduced Benefits for At Least One Year						
		General Employees - Schools		General Employee - State		Teachers	
Age	Fire and Police	Men	Women	Men	Women	Men	Women
55[1]	15%	N/A	N/A	N/A	N/A	N/A	N/A
56	23	19%	5%	22%	18%	21%	33%
57	27	15	5	22	15	26	38
58	15	10	13	17	20	30	26
59	22	10	15	18	16	27	24
60	24	20	13	15	16	37	30
61	14	32	17	20	19	26	30
62	20	33	30	27	28	55	39
63	20	31	32	27	24	41	36
64	24	30	31	29	30	36	34
65	30	19	45	39	43	43	50
66	28	37	37	33	35	38	43
67	25	26	29	28	26	34	37
68	39	23	27	24	26	29	33
69	28	27	23	26	24	24	27
70	[2]	26	25	30	31	[2]	[2]
71		25	24	24	25		
72		21	27	27	19		
73		20	33	28	25		
74		26	25	25	18		
75		[2]	[2]	[2]	[2]		

1. 8% rate assumed for fire and police members eligible from age 51 to 52, 18% rate assumed at ages 53-54.

2. For all ages older than the age indicated, retirement is assumed to occur immediately.

Rates from the above table are applied based on the member's rounded age as of the beginning of each year.

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Table A-6
Early Retirement

	Retirement Rates Among Persons Eligible for Reduced Early Retirement Benefits						
		General Employees - Schools		General Employees - State		Teachers	
Age	Fire and Police	Men	Women	Men	Women	Men	Women
50	4.8%						
51	6.1						
52	5.5						
53	6.8						
54	9.5	(1)	(1)	(1)	(1)	(1)	(1)
55	8.8	4.0%	5.1%	4.4%	5.4%	3.2%	4.3%
56	8.8	6.1	4.8	4.2	4.7	4.1	5.5
57	8.3	4.3	5.2	4.7	5.2	6.1	5.4
58	7.0	5.3	5.2	5.5	5.6	7.1	6.1
59	7.0	6.2	5.8	7.3	7.6	7.7	7.9
60		6.8	8.2	7.5	9.0	10.6	10.6
61		10.3	8.7	8.6	10.1	10.4	11.6
62		18.7	16.6	17.1	17.1	19.2	17.1
63		16.4	15.0	13.1	14.0	16.9	16.1
64		15.0	16.2	17.5	20.5	18.0	20.4

1. Not eligible for retirement.

Rates from the above table are applied based on the member's rounded age as of the beginning of each year.

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Table A-7
Disability

	Annual Rates				
	Fire and	General Employees		Teachers	
Age	Police	Men	Women	Men	Women
20	0.012%	0.004%	0.005%	0.003%	0.014%
25	0.012	0.004	0.005	0.003	0.014
30	0.021	0.004	0.005	0.003	0.014
35	0.023	0.031	0.013	0.013	0.020
40	0.071	0.034	0.038	0.028	0.033
45	0.119	0.058	0.074	0.032	0.070
50	0.248	0.124	0.113	0.075	0.116
55	0.314	0.223	0.187	0.275	0.203
60	0.000	0.238	0.189	0.271	0.243

Rates from the above table are applied based on the member's rounded age as of the beginning of each year.

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Table A-8
Other Terminations of Employment

Years of Service	Annual Rates						
	Fire and Police	General Employees – Schools		General Employees – State		Teachers	
		Men	Women	Men	Women	Men	Women
0	22.9%	25.0%	26.5%	23.5%	23.5%	15.2%	13.8%
1	17.2	21.1	22.3	17.4	19.7	13.7	13.1
2	13.3	16.1	17.5	14.6	15.8	10.5	11.5
3	10.4	12.3	14.2	11.7	12.9	8.4	9.3
4	9.6	12.2	12.0	10.4	11.3	6.7	7.7
5	9.0	10.8	11.1	9.6	10.7	6.2	7.1
6	8.4	9.5	10.1	8.8	10.1	5.7	6.5
7	7.8	8.1	9.2	7.9	9.5	5.2	5.8
8	7.2	6.8	8.3	7.1	8.8	4.7	5.2
9	6.6	5.4	7.4	6.2	8.2	4.2	4.5
10	5.8	5.4	6.9	5.8	7.4	3.7	4.1
11	5.1	5.3	6.5	5.3	6.5	3.3	3.6
12	4.4	5.3	6.1	4.9	5.7	2.8	3.2
13	3.7	5.2	5.6	4.4	4.8	2.4	2.8
14	2.9	5.2	5.2	4.0	4.0	1.9	2.3
15	2.8	4.5	4.8	3.8	4.0	1.9	2.2
16	2.6	3.9	4.5	3.6	4.0	1.9	2.1
17	2.5	3.3	4.2	3.4	4.0	1.9	2.0
18	2.3	2.6	3.8	3.2	4.0	1.8	1.9
19	2.1	2.0	3.5	3.0	4.0	1.8	1.7
20	2.1	2.0	3.4	2.9	3.7	1.6	1.6
21	2.1	2.0	3.4	2.8	3.3	1.4	1.5
22	2.1	2.0	3.4	2.7	3.0	1.2	1.3
23	2.1	2.0	3.3	2.6	2.7	1.0	1.2
24	2.1	2.0	3.3	2.5	2.3	0.8	1.1
25	1.0	2.0	2.3	1.8	2.3	0.8	0.9
26	1.0	2.0	2.3	1.8	2.3	0.8	0.9
27	1.0	2.0	2.3	1.8	2.3	0.8	0.9
28	1.0	2.0	2.3	1.8	2.3	0.8	0.9
29 or more	1.0	2.0	2.3	1.8	2.3	0.8	0.9

Rates from the above table are applied based on the member's rounded service as of the beginning of each year.

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Table A-9a
Sick Leave Hours Accumulation Assumption – State

	Average prior accrual rates		
	0-50 hours per year	50+ hours per year	Not enough history*
Base (female, general members with salary less than $80,000)	20.11	48.56	30.58
Males	+8.22		
Safety	+2.06		
ORP	+14.89		
Salary over $80,000	+9.73		

** "Not enough history" column is for members with less than 1 year of vesting service, or with missing information on unused sick leave hours.*

The accrual assumption is the sum of all applicable rows for each member.

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Table A-9b
Sick Leave Hours Accumulation Assumption – Schools

	Average prior accrual rates			
	0-5 days per year	5-10 days per year	10+ days per year	Not enough history*
Base (salary less than $70,000)	2.92	5.87	9.89	4.92
Salary between $70,000 and $90,000	+1.23			
Salary over $90,000	+2.67			

** "Not enough history" column is for members with less than 1 year of vesting service, or with missing information on unused sick leave days.*

The accrual assumption is the sum of all applicable rows for each member.

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Appendix B Provisions of Governing Law

All actuarial calculations are based on our understanding of the statutes governing the use of unused sick leave benefits administered by the Public Employee Retirement System of Idaho, as contained in Section 67-5333 for State employees and Section 33-1228 for Schools employees of the Idaho Code. The benefit and contribution provisions of this law are summarized briefly below. The items in parentheses are the provisions applicable to Schools employees.

Effective Date

The effective date of the Retirement System was July 1, 1976.

Benefits

Upon separation from State (public school) employment for retirement reasons, a member's unused sick leave earned subsequent to July 1, 1976, is determined and reported to PERSI. The monetary value of one-half of the unused sick leave is transferred from the sick leave account to the member's retirement account (the entitlement balance). The monetary value of the unused sick leave is based upon the rate of pay of the employee at the time of retirement.

Effective July 1, 2001, the maximum amount transferred shall be limited for State covered members only, based on the number of hours of credited State service as follows:

Years of State Service	Maximum Unused Sick Leave
Less than 5 (1)	420 hours
5-10	480 hours
10-15	540 hours
15 or more	600 hours

1. All members who are eligible for retirement benefits have at least 5 years of service.

The transferred monies to the member's retirement account are used for the payment of group health, accident, and life insurance premiums under programs maintained by the State (school district). Upon a retired covered member's death, any remaining entitlement balance reverts to the Sick Leave Funds.

Contributions

Each State government (public school) employer contributes a percentage of covered members' salaries to the Sick Leave Funds maintained by the System. The System's board determines the contribution rate.

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Appendix C Valuation Data and Comparative Schedules

This valuation is based on the membership of the Programs as of June 30, 2026. We relied on data supplied by the System. If there are material defects in the data, it is possible they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

The membership of the Programs includes employees of the State of Idaho and participating political subdivisions. The membership is divided into three categories: fire and police, teachers, and general employees.

- PERSI members are categorized based on the class reported in the PERSI valuation data. See our PERSI valuation report for a description of what type of employees are included in each category.
- ORP members are categorized as general employees.

The PERSI actuarial valuation data for all contributing members and former contributing members is summarized in Table C-1.

Table C-2 summarizes the PERSI active member actuarial valuation data by type of sick leave coverage. Not all members included in the actuarial valuation of PERSI are covered by the Unused Sick Leave Benefits programs.

Table C-3 summarizes the Optional Retirement Plan (ORP) members who are covered by the State Program and treated as general employees for this valuation.

Table C-4 summarizes the experience of the unused sick leave benefits programs since July 1, 1982. Earlier data are not available and some of the statistics are not complete.

The following information summarizes the number of retired members currently receiving premium payments from their entitlement accounts.

Sick Leave Program	Number	Remaining Entitlement Balance
State	7,607	$46,227,293
Schools	8,683	73,140,666
Total	16,290	$119,367,959

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Table C-1
Summary of PERSI Membership Data

	Active Members			Annuitants		
	Number[1]	Annual Salaries in Thousands	Average Annual Salaries[2]	Number	Annual Benefits in Thousands	Average Annual Benefits
July 1, 2025						
Fire and Police	9,457	$810,905	$85,747	4,710	$176,210	$37,412
General Employees:						
Male	19,002	1,154,087	60,735	14,411	298,926	20,743
Female	28,544	1,315,178	46,075	22,682	343,600	15,149
Teachers:						
Male	5,490	400,904	73,024	4,774	164,819	34,524
Female	16,253	1,070,419	65,860	10,896	316,638	29,060
Total	78,746	$4,751,493	$60,339	57,473	$1,300,193	$22,623
July 1, 2026						
Fire and Police	9,486	$849,312	$89,533	4,917	$192,227	$39,094
General Employees:						
Male	19,052	1,209,384	63,478	14,736	315,474	21,408
Female	28,583	1,370,372	47,944	23,292	364,474	15,648
Teachers:						
Male	5,484	414,683	75,617	4,811	169,833	35,301
Female	16,280	1,118,461	68,702	11,139	333,449	29,935
Total	78,885	$4,962,212	$62,904	58,895	$1,375,457	$23,354

1. Not included in these figures are the following:

	Vested Inactive Members Not Currently Receiving Benefits					
	Number	Annual Benefits in Thousands[3]	Average Annual Benefits	Non-Vested Inactive Members	Other Inactive Members[4]	Total Inactive Members
2025	16,845	$165,020	$9,796	41,180	30	58,055
2026	17,274	$177,098	$10,252	43,677	18	60,969

2. Annualized pensionable compensation for the year ending immediately prior to the valuation date.

3. At normal retirement date.

4. These members were active with at least 5 years of service as of the valuation date, but PERSI reported their salary as zero. They were treated as vested inactive members.

Note: In 2026, 51 vested annuitants of the Firefighters' Retirement Fund were not eligible for a PERSI benefit. In 2025, 54 were not eligible.

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Table C-2
Sick Leave Program Active Membership Data (Excluding Active ORP Membership)

	No Coverage		State Coverage		Schools Coverage		Total	
	Number	Annual Salaries In Thousands	Number	Annual Salaries In Thousands	Number	Annual Salaries In Thousands	Number	Annual Salaries In Thousands
July 1, 2025								
Fire and Police	6,976	$627,250	2,481	$183,655	0	$0	9,457	$810,905
General Employees								
Male	9,381	576,212	6,695	444,709	2,926	133,166	19,002	1,154,087
Female	8,143	450,308	8,761	523,664	11,640	341,206	28,544	1,315,178
Teachers								
Male	1	67	0	0	5,489	400,837	5,490	400,904
Female	2	137	0	0	16,251	1,070,282	16,253	1,070,419
Total	24,503	$1,653,974	17,937	$1,152,028	36,306	$1,945,491	78,746	$4,751,493
July 1, 2026								
Fire and Police	7,103	$666,771	2,383	$182,541	0	$0	9,486	$849,312
General Employees								
Male	9,441	604,085	6,684	466,516	2,927	138,783	19,052	1,209,384
Female	8,155	469,917	8,788	549,075	11,640	351,380	28,583	1,370,372
Teachers								
Male	0	0	1	24	5,483	414,659	5,484	414,683
Female	7	382	1	86	16,272	1,117,993	16,280	1,118,461
Total	24,706	$1,741,155	17,857	$1,198,242	36,322	$2,022,815	78,885	$4,962,212

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Table C-3
Sick Leave Program ORP Active Membership Data

	State Coverage	
	Member Count	Annual Salaries In Thousands
July 1, 2026		
Boise State University	2,235	$203,971
College of Eastern Idaho	117	9,353
College of Southern Idaho	186	15,079
College of Western Idaho	317	27,740
Idaho State University	1,145	99,711
Lewis-Clark State College	277	19,834
North Idaho College	236	19,295
Other State Employer	33	2,862
Total	4,546	$397,845

Note: ORP members are treated as general employees for purposes of this valuation.

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Table C-4
Contribution Rates

	Actual Rates [1]		Calculated Employer Rates [2]					
			State			Schools		
Valuation Date (7/1)	State	Schools	Normal Cost	Unfunded Actuarial Accrued Liability	Total	Normal Cost	Unfunded Actuarial Accrued Liability	Total
1982	0.125%	0.125%						
1983	0.125	0.125						
1984	0.125	0.125						
1985	0.155	0.160 [4]						
1986	0.220	0.235						
1987	0.400 [3]	0.295 [5]						
1988	0.400	0.325 [5]	0.31%	0.40%	0.71%	0.43%	0.54%	0.97%
1989	0.400	0.550	0.31	0.40	0.71	0.43	0.54	0.97
1990	0.620	0.775	0.35	0.44	0.78	0.41	0.57	0.98
1991	0.730	1.000	0.34	0.44	0.78	0.41	0.57	0.98
1992	0.800	1.000	0.30	0.31	0.61	0.52	0.57	1.09
1993	0.650	1.100	0.30	0.31	0.61	0.52	0.57	1.09
1994	0.650	1.100	0.30	0.31	0.61	0.52	0.57	1.09
1995	0.650	1.100	0.32	0.27	0.59	0.59	0.55	1.14
1996	0.650	1.150 [5]	0.32	0.27	0.59	0.59	0.55	1.14
1997	0.650	1.150	0.35	0.16	0.51	0.63	0.44	1.07
1999	0.650	1.150	0.42 [6]	0.10	0.52	0.60	0.22	0.82
2001	0.650	1.150	0.45 [6]	0.20	0.65	0.62	0.29	0.91
2004	0.650	1.150	0.40	0.23	0.63	0.73	0.68	1.41
2006	0.650	1.16/1.26 [7]	0.40	0.13	0.53	0.67	0.41	1.08
2008	0.650	1.16/1.26 [7]	0.39	0.16	0.55	0.66	0.48	1.14
2010	0.650	1.16/1.26 [7]	0.37	0.16	0.53	0.62	0.51	1.13
2012	0.650	1.16/1.26 [7]	0.37	NA	0.37	0.63	0.13	0.76
2015	0.650	1.16/1.26 [7]	0.35	NA	0.35	0.62	NA	0.62
2016	0.650	1.16/1.26 [7]	0.39	NA	0.39	0.65	NA	0.65
2017	0.650	1.16/1.26 [7]	0.38	NA	0.38	0.68	NA	0.68
2019	0.650	1.16/1.26 [7]	0.36	NA	0.36	0.64	NA	0.64
2020	0.000 [8]	0.00/0.00 [7&8]	0.32	NA	0.32	0.61	NA	0.61
2021	0.000 [8]	0.00/0.00 [7&8]	0.41	NA	0.41	0.76	NA	0.76
2022	0.000 [8]	0.00/0.00 [7&8]	0.38	NA	0.38	0.73	NA	0.73
2023	0.000 [8]	0.00/0.00 [7&8]	0.40	NA	0.40	0.74	NA	0.74
2024	0.000 [8]	0.00/0.00 [7&8]	0.40	(0.40)	0.00	0.73	(0.73)	0.00
2025	0.000 [8]	0.00/0.00 [7&8]	0.40	(0.40)	0.00	0.76	(0.76)	0.00
2026	0.000 [8]	0.00/0.00 [7&8]	0.28	(0.28)	0.00	0.72	(0.72)	0.00

1. Contribution rates are effective July 1 of the indicated year for the State Program, September 1 of the indicated year for the Schools Program for years after 1988.

2. Calculated Rates were not actuarially determined until July 1, 1988.

3. Rate effective March 1, 1987, rather than July 1, 1987.

4. The Schools rate was 0.160% until January 1, 1986, 0.235% from January 1, 1986, to September 30, 1987.

5. Rates are effective October 1 of indicated year.

6. Reflects changes in benefit provisions.

7. Contribution rates for Schools members vary by school location according to the number of days of paid sick leave accruing during the contract year in accordance with Rule 552 of the Idaho Administrative Code.

8. Per the Board decisions in 2019 through 2026, there are no contributions being charged of employers.

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Appendix D Glossary

The following definitions are largely excerpts from a list adopted in 1981 by the major actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to the Public Employee Retirement System of Idaho. Defined terms are capitalized throughout this Appendix. The definitions discuss pension plans; however, they are also applicable to other post-employment benefits (OPEB) plans like the Sick Leave Programs.

Accrued Benefit

The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

Actuarial Accrued Liability

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as: mortality, withdrawal, disability, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

Actuarial Cost Method

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates as determined in accordance with a particular Actuarial Cost Method.

Actuarial Present Value

The value of an amount or series of amounts payable or receivable at various times determined as of a given date by the application of a particular set of Actuarial Assumptions.

Actuarial Valuation

The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension plan as used by the actuary for the purpose of an Actuarial Valuation.

Actuarially Equivalent

Of equal Actuarial Present Value determined as of a given date with each value based on the same set of Actuarial Assumptions.

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Amortization Payment

That portion of the pension plan contribution is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Entry Age Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

Funding Reserve

The excess of the Actuarial Value of Assets over the Actuarial Accrued Liability. Standard actuarial terminology defines this as the “Funding Excess.” PERSI uses the term Funding Reserve.

Normal Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Projected Benefits

Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.

Unaccrued Benefit

The excess of an individual's Projected Benefits over the Accrued Benefits as of a specified date.

Unfunded Actuarial Accrued Liability

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

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Judges' Retirement Fund of Idaho

July 1, 2026 Actuarial Valuation

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October 7, 2026

Public Employee Retirement System of Idaho
P.O. Box 83720
Boise, ID 83720-0078

Dear Members of the Board:

In accordance with your request, we have performed an actuarial valuation as of July 1, 2026, of the Judges' Retirement Fund of Idaho ("Fund" or "JRF" or "Plan") provided under Idaho Code Section 1-2001 through 1-2012 and administered by the Public Employee Retirement System of Idaho ("PERSI" or "System"). The major findings of the valuation are contained in this report. This report reflects the benefit provisions and contribution rates in effect as of July 1, 2026.

Purpose of the Valuation

Actuarial computations presented in this report are for the purposes of determining the recommended funding amounts for the Plan. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Plan's funding policy. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial Assumptions

Actuarial assumptions, including investment return assumption, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Retirement Board. That entity is responsible for selecting the Plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been adopted and are described in this report. The System is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

Variability of Results

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that

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anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the selection of the assumptions and actuarial cost methods, and the Board has adopted them as indicated in Appendix A of this report.

Reliance

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Limited Distribution

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Models

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

Qualifications and Certifications

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

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Milliman

Members of the Board
Public Employee Retirement System of Idaho
October 7, 2026

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Conclusion

We would like to express our appreciation to Mike Hampton, Executive Director of the System, and to members of PERSI's staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report and we look forward to discussing it with you.

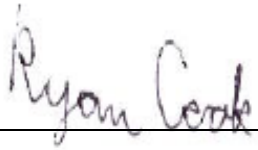
Sincerely,



Robert L. Schmidt, FSA, EA, MAAA
Principal and Consulting Actuary



Ryan Falls, FSA, EA, MAAA
Principal and Consulting Actuary



Ryan J. Cook, FSA, EA, MAAA
Consulting Actuary

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1. Summary of Findings

Our actuarial valuation of the Fund as of July 1, 2026, shows that the contributions determined by the current scheduled contribution rates are expected to first exceed the normal cost, plus interest on the unfunded actuarial accrued liability (UAAL) in the fiscal year ending June 30, 2027, and the UAAL is projected to be fully amortized over 2.8 years (assuming future experience matches the actuarial assumptions and that there are no future discretionary PERSI postretirement allowance adjustments, contribution rate changes, or benefit changes). Therefore, the amortization period is not greater than the 25-year maximum permitted under Section 1-2004A, Idaho Code.

One measure of funding adequacy is the funded ratio, which compares the value of the actuarial assets to the actuarial accrued liability. The following compares the 2025 and 2026 valuations.

Valuation	Funded Ratio
2025 Valuation	87.6%
2026 Valuation	95.6%

The 2026 actuarial valuation indicates that the UAAL as of July 1, 2026, was $6.5 million, which is $10.3 million less than expected. The actuarial gain was primarily due to investment gains, as reflected in the 12.35% investment yield (net of all expenses) for the past year. This and other sources of gains and losses are shown in Table 1.

Table 2 illustrates the gains and losses incurred in the last three fiscal years attributable to both expected and unexpected experience, as well as changes in assumptions, benefits, and methods.

Change in Assumptions, Benefits, or Contribution Rates

There have been no changes in actuarial assumptions, plan benefits, or contribution rates since the July 1, 2025, valuation.

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Table 1
Gains and Losses for the Year Ended July 1, 2026

	Actuarial Accrued Liability (in millions)	Market Value of Assets (in millions)	Unfunded Actuarial Accrued Liability (in millions)	Funded Ratio	Amort. Period (years)
July 1, 2025, Valuation	$145.5	$127.5	$18.0	87.6%	9.2
Expected Change Between Valuation Dates	3.1	4.3	(1.2)		
Expected at July 1, 2026	$148.6	$131.8	$16.8	88.7%	8.2
Effect of Actuarial Experience Gains and Losses:					
• Investments [Gain]	-	7.3	(7.3)		
• Salaries [Gain][1]	(3.5)	1.4	(4.9)		
• Membership Growth [Gain]	(0.1)	0.1	(0.2)		
• Benefit Payments Lower than Expected	-	-	-		
• Retired Member Experience [Loss]	0.7	-	0.7		
• Active and Inactive Member Experience [Loss]	1.4	-	1.4		
Total Experience Gains and Losses	(1.5)	8.8	(10.3)		
Effect of Assumption Changes [none]	-	-	-		
Effect of Plan Changes [none]	-	-	-		
July 1, 2026, Valuation	$147.1	$140.6	$6.5	95.6%	2.8

1. This includes the effect of retired members' postretirement benefit increases that are dictated by salary changes.

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Table 2
Three-Year History of Actuarial Gains and Losses

(All Dollar Amounts in Millions)

Gain (Loss) for Period

	2025-2026	2024-2025	2023-2024
Investment Income Investment income was greater (less) than expected	7.3	5.1	2.6
Pay Increases[1] Pay increases were less (greater) than expected	4.9	(6.7)	0.7
Membership Growth New members increased liabilities by less (more) than their contributions increased assets	0.2	0.0	0.0
Postretirement Allowance Adjustment (PAA) Different PERSI PAA than expected	(0.6)	(0.1)	0.0
Other Retired Member Experience Retirees died younger (lived longer) than expected and miscellaneous retiree gains (and losses) resulting from other causes	(0.1)	0.1	0.2
Other Active and Inactive Member Experience Members retiring at different times than expected and miscellaneous gains (and losses) resulting from other causes	(1.4)	(1.2)	(0.7)
Total Gain (Loss) During the Period From Actuarial Experience	10.3	(2.8)	2.8
Contribution Income Expected contributions and expected asset returns were greater (less) than the normal cost and interest on the actuarial accrued liability	1.2	0.9	0.9
Non-Recurring Items			
Changes in actuarial assumptions caused a gain (loss)	None	1.9	(0.1)
Changes in actuarial methods caused a gain (loss)	None	None	None
Changes in plan provisions caused a gain (loss)	None	None	None
Change in Future Contribution Rates	None	None	None
Composite Gain (Loss) During the Period	11.5	0.0	3.6

Note:

Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the unfunded actuarial accrued liability.

1. This includes the effect of retired members' postretirement benefit increases that are dictated by salary changes.

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Table 3
Summary of Key Valuation Results

	July 1, 2026 Valuation	July 1, 2025 Valuation	Percentage Change
1. Total Membership			
A. Active Members	51	49	4.1%
B. Members and Beneficiaries Receiving Benefits	119	118	0.8%
C. Vested Terminated Members	2	2	0.0%
D. Non-vested Terminated Members	NA	NA	NA
E. Total Membership	172	169	1.8%
2. Annual Salaries			
A. Annual Total ($Thousands)	$ 8,899	$ 8,557	4.0%
B. Annual Average per Active Member	$ 174,490	$ 174,633	-0.1%
3. Annual Benefits			
A. Annual Benefits ($Thousands)	$ 10,319	$ 10,161	1.6%
B. Annual Average Benefits	$ 86,711	$ 86,112	0.7%
4. Actuarial Accrued Liability ($Millions)			
A. Active Members	$ 33.2	$ 32.6	1.8%
B. Members and Beneficiaries Receiving Benefits	113.0	112.0	0.9%
C. Terminated Members	0.9	0.9	0.0%
D. Total Actuarial Accrued Liability (AAL)	$ 147.1	$ 145.5	1.1%
5. Value of Plan Assets ($Millions)			
A. Market Value	$ 140.6	$ 127.5	10.3%
6. Funded Status ($Millions)			
A. Funding Reserve (Unfunded Actuarial Accrued Liability, UAAL) (5A - 4D)	$ (6.5)	$ (18.0)	
B. Funded Ratio (5A ÷ 4D)	95.6%	87.6%	
7. Contribution Rates (percent of salaries)			
A. Current Total Adjusted Contribution Rate[1]	73.85%	73.84%	
B. Total Normal Cost Rate	46.41%	47.18%	
C. Contribution Rate Minus Normal Cost Rate (7A - 7B)	27.44%	26.66%	
D. Ultimate Total Adjusted Contribution Rate[1][2]	73.85%	73.84%	
E. Amortization Period for UAAL Based on Currently Scheduled Contribution Rates[2]	2.8 years	9.2 years	

1. Adjusted to reflect that members with 20 or more years of service don't pay contributions. See Table 11 for details.

2. There are no scheduled changes in contribution rates.

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Contribution Rates

Contributions to the Fund are provided by member contributions and State contributions under Section 1-2004A and 1-2004B, Idaho Code. Additional fees collected by the state are no longer contributed to the Fund.

Currently, the State contributes 62.53% of judicial salaries to the Fund. Members with less than 20 years of service, as dictated by Section 1-2004B, contribute 18.5% of the State contribution, or 11.57% of their salaries.

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2. Scope of the Report

This report presents the actuarial valuation of the Judges' Retirement Fund of Idaho as of July 1, 2026. This valuation was requested by the System's Board.

We request your attention to read the cover letter to this report, where we refer to the guidelines employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings depend. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the Fund. Sections 4 and 5 describe how the obligations of the Fund are to be met under the actuarial cost method in use. Section 6 of this report shows supplemental information including the estimated cash flow of future retirement benefit payments based on the actuarial assumptions. Section 7 describes various risks that are material to the Plan.

This report includes several appendices:

- Appendix A A summary of the actuarial procedures and assumptions.
- Appendix B A summary of the current benefit structure based on governing law on July 1, 2026.
- Appendix C Schedules of valuation data classified by various categories; a brief summary of the Fund's recent experience; and reconciliation of members from July 1, 2025, to July 1, 2026.
- Appendix D A glossary of actuarial terms used in this report.

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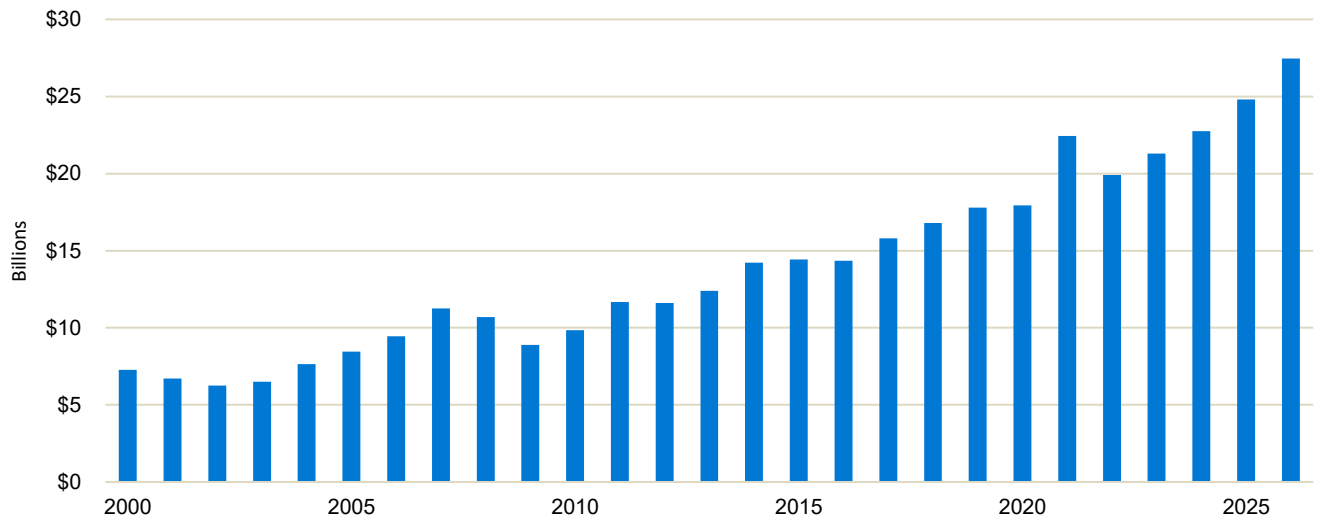
3. Assets

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2026. On that date, the assets available for the payment of benefits are appraised. These assets are compared with the actuarial liabilities, which are generally well in excess of the assets. The actuarial process thus leads to a method of determining what contributions are needed to strike a balance.

This section of the report deals with asset determination. In the next section, the actuarial liabilities will be discussed. Section 5 deals with the process for determining required contributions based on the relationship between the assets and actuarial liabilities.

The net assets at July 1, 2026, of $27,459,395,200 shown below and in Table 4 include assets used in plan operations and assets held for PERSI pension benefits, the Firefighters' Retirement Fund, and the Idaho Falls Police Retirement Fund. The allocation of the trust is shown at the bottom of Table 4. The investments at fair value shown in Table 5 also include assets held for these other funds.

Net Assets Held by PERSI



Beginning with the July 1, 2014, actuarial valuation, the Fund has been administered and included in the net assets held by PERSI (prior to that it was an independent Fund). For all years that it has administered the Plan, the System has elected to use the market value of assets on the valuation date as the asset value used in calculating the Plan's funding requirement (a.k.a. the actuarial value of assets).

Table 4 presents a summary of the net assets held by PERSI, including the allocation of the assets to the various funds. Table 5 presents an analysis of the investments. Table 6 shows a reconciliation of the market value of assets held for JRF from July 1, 2025, to July 1, 2026. Table 7 shows an analysis of the investment yield of PERSI's assets for the fiscal year ending June 30, 2026.

Tables 4 through 7 are derived from data furnished to us by the System. We have accepted these tables for use in this report without audit, but we have reviewed them for reasonableness and consistency with previous reports.

The yield rates shown at the top of Table 7 are net of both investment and administrative expenses. The summary at the bottom of Table 7 shows the annual yields before expenses, net of investment expenses, and net of both investment and administrative expenses. Each yield should be compared with the appropriate actuarial assumption shown in the left column. The yield, net of all expenses, is 12.35% for the year ending June 30, 2026,

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which is compared with the actuarial assumption, net of all expenses, of 6.50% for the fiscal year ended June 30, 2026.

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Table 4
Market Value of Assets

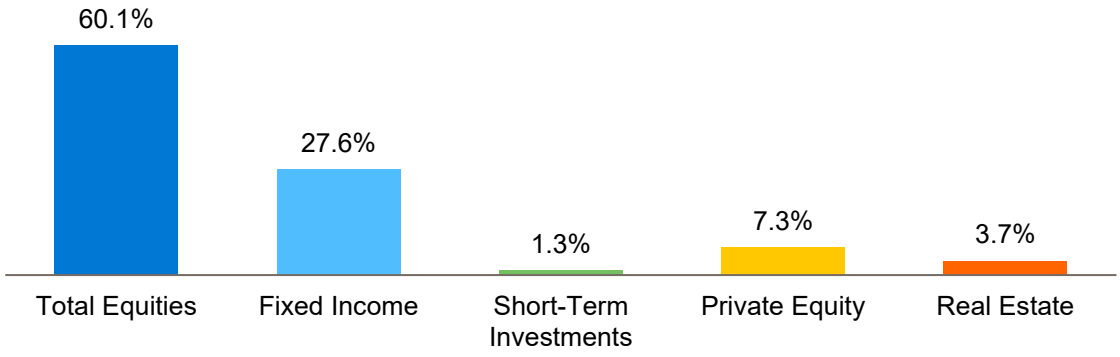
	July 1, 2026	July 1, 2025
Assets		
Cash	$ 33,045,330	$ 48,029,598
Investments at Fair Value	27,283,461,504	24,639,954,066
Investments Sold	25,765,180	54,819,881
Contributions Receivable	26,028,308	21,358,277
Interest and Dividends Receivable	93,179,495	88,198,002
Assets Used in Plan Operations, Net	9,837,655	7,288,011
Retiree Payroll in Process	115,975,485	107,408,023
Other Prepaids	-	-
Total Assets	$ 27,587,292,957	$ 24,967,055,858
Liabilities		
Accrued Liabilities	$ 23,387,143	$ 20,342,803
Benefits and Refunds Payable	-	1,610,077
Due to Other Funds	-	-
Investments Purchased	104,510,614	140,731,684
Total Liabilities	$ 127,897,757	$ 162,684,564
Net Assets Held by PERSI	$ 27,459,395,200	$ 24,804,371,294
Allocation of Net Assets Held by PERSI		
Total Assets Held for PERSI Pension Benefits	$ 26,745,032,834	$ 24,138,888,873
Firefighters' Retirement Fund Assets	554,316,823	521,563,002
Judges' Retirement Fund Assets	140,620,086	127,464,623
Idaho Falls Police Retirement Fund Assets	9,587,802	9,166,785
Assets Used in Plan Operations	9,837,655	7,288,011
Net Assets Held by PERSI	$ 27,459,395,200	$ 24,804,371,294
Assets for Use in Valuation of Judges' Retirement Fund		
Market Value of Assets held for Judges' Retirement Fund	$ 140,620,086	$ 127,464,623

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Table 5
Analysis of Investments Held by PERSI
July 1, 2026

	Fair Value	Percentage
Fixed Income Investments		
Domestic	$ 6,683,535,907	24.5%
International	0	0.0%
Idaho Commercial Mortgages	849,731,289	3.1%
Total Fixed Income	7,533,267,196	27.6%
Short Term Investments	353,437,774	1.3%
Real Estate	1,018,436,944	3.7%
Equity Securities		
Domestic	13,419,803,814	49.2%
International	2,979,095,854	10.9%
Total Equities	16,398,899,668	60.1%
Private Equity	1,979,419,922	7.3%
Total Investments	$ 27,283,461,504	100.0%

This table also includes investments held for PERSI pension benefits, the Firefighters' Retirement Fund, and the Idaho Falls Police Retirement Fund. The allocation of the net assets in the trust is shown at the bottom of Table 4.



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Table 6
Reconciliation of Assets

	July 1, 2025, to June 30, 2026	July 1, 2024, to June 30, 2025
Additions:		
Contributions		
Members	$ 1,164,699	$ 993,064
Employers	6,570,945	5,800,355
Total Contributions	$ 7,735,644	$ 6,793,419
Investment Income		
Net Appreciation/(Depreciation) in Fair Value of Investments	$ 13,511,994	$ 10,423,393
Interest, Dividends and Other Investment Income	2,562,997	2,418,060
Other Revenue, Net	32,181	24,946
Less: Investment Expenses	(432,060)	(341,680)
Net Investment Income	$ 15,675,112	$ 12,524,719
Total Additions	$ 23,410,756	$ 19,318,138
Deductions:		
Benefits and Refunds Paid to Plan Members and Beneficiaries	$ 10,171,980	$ 9,529,321
Administrative Expense	79,953	119,171
Total Deductions	$ 10,251,933	$ 9,648,492
Other:		
Decrease/(Increase) in Assets Used in Plan Operations	$ (3,360)	$ -
Increase/(Decrease) in Market Value of Assets	$ 13,155,463	$ 9,669,646
Market Value of Assets, Beginning of Year	$ 127,464,623	$ 117,794,977
Market Value of Assets, End of Year	$ 140,620,086	$ 127,464,623

Notes:

1. This table only shows assets held for the Judges' Retirement Fund.

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Table 7
Analysis of Investment Yield

	July 1, 2025, to June 30, 2026	
	Total Trust	**Individual Plan**
Investment Return	$ 3,116,165,350	$ 16,107,172
Less Investment Expenses	75,814,170	432,060
Less Administrative Expenses	12,276,784	79,953
Net Return	$ 3,028,074,396	$ 15,595,159
Mean Assets for Period	$ 24,609,283,216	$ 126,244,775
Annual Yield	12.30%	12.35%

	Summary of Annual Yields for Year Ending June 30, 2026		
Expense Basis	**Actuarial Assumption**	**Total Trust**	**Individual Plan**
Gross – Before Expenses		12.69%	12.78%
Net of Investment Expenses	6.55%	12.36%	12.42%
Net of All Expenses	6.50%	12.30%	12.35%

Notes:

1. See Tables 4, 5, and 6 for the data used in this table.
2. Total trust excludes assets used in plan operations.
3. Individual plan only includes assets held for the Judges' Retirement Fund.
4. Mean assets for period = 1/2 (beginning net assets + ending net assets - net return).
5. Annual yield = (net investment return) / mean assets.
6. Mean assets differ for each expense basis, so differences between bases are not comparable.

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4. Actuarial Liabilities

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the Fund as of the valuation date, July 1, 2026. In this section, the discussion will focus on the commitments of the Fund, which are referred to as its actuarial liabilities.

Table 8 contains an analysis of the actuarial present value of all future benefits for active members and for former active members and their survivors. The analysis is given by type of benefit.

The actuarial liabilities summarized in Table 8 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and for the lives of the surviving beneficiaries.

The demographic assumptions are based on the results of the 2024 Judges' Retirement Fund Experience Study, which was adopted by the Board effective July 1, 2024. The economic assumptions are based on the 2025 PERSI Experience Study, which was adopted by the Board effective July 1, 2025.

All liabilities reflect the provisions of governing law in effect as of July 1, 2026, as summarized in Appendix B. No future changes are considered in determining the liabilities shown.

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Table 8
Actuarial Present Value of Future Benefits

(All amounts in millions)

July 1, 2026

Active Members	Judges
Service Retirement Including Reduced Early Retirement	$59.7
Deferred Vested Retirement	0.0
Disability Retirement	0.0
Death	0.7
Refunds of Member Contributions	0.0
Total	$60.4
Former Active Members & Survivors	
Service Retirement	$101.8
Disability Retirement	0.0
Survivors' Benefits	11.2
All Other Benefits	0.9
Total	$113.9
Grand Total	$174.3

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5. Employer Contributions

The previous two sections were devoted to a discussion of the assets and actuarial liabilities of the Fund. Comparison of Tables 4 and 8 indicates that current assets fall short of meeting the actuarial liabilities (specifically the actuarial present value of future benefits). This is expected in funds with active members still accruing benefits, as future contributions are still anticipated to help pay for those benefits.

In an active system, there is often a difference between the actuarial assets and liabilities. When liabilities exceed assets, this difference has to be made up out of future contributions. An actuarial valuation method sets out a schedule of future contributions that will deal with this difference in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. For this valuation, the individual entry age actuarial cost method has been used. Under this method — or essentially any actuarial cost method — the contributions required to meet the system's needs are allocated each year between two elements:

- A normal cost amount, which ideally is relatively stable as a percentage of salary over the years; and
- The excess of the contribution rate over the normal cost; this excess is used to amortize what is called the unfunded actuarial accrued liability.

The two items described above — the normal cost and unfunded actuarial accrued liability — are the keys to understanding the actuarial cost method.

Normal Cost

The normal cost is the theoretical contribution rate that will meet the ongoing costs of a group of average employees. Suppose that a group of employees was covered under a separate fund from which all benefits and to which all contributions and associated investment returns were paid. Under the individual entry age actuarial cost method, the normal cost contribution rate is that level percentage of pay that would be exactly right to maintain this fund on a stable basis. If experience were to follow the actuarial assumptions precisely, the fund would be completely liquidated when the last payment to the last survivor of the group has been made.

We have determined the normal cost rates for the Fund separately by type of benefit. These rates are summarized in Table 10. The normal cost rates in Table 10 reflect the actuarial assumptions adopted by the Board, the plan provisions effective July 1, 2026, and the current total contribution rate of 74.10%.

Unfunded Actuarial Accrued Liability

The term "fully funded" is often applied to a system in which contributions for everyone at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. Many systems are not fully funded, either because of past benefit improvements that have not been completely paid for or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. However, even if a system does not have a positive UAAL, a portion or all of the normal cost contribution payments will need to be continued in order to have sufficient funds to pay future benefits. The use of the term "fully funded" may imply that no further contributions are required at all. Therefore, a better term is a "well-funded" plan. This occurs when the value of the assets exceeds the actuarial accrued liability, and the difference is referred to in the PERSI funding policy as the Funding Reserve.

Table 9 shows how the UAAL or Funding Reserve was derived for the Fund. Line A shows the total actuarial liability for all future benefits. The portion of the future liability expected to be paid from future normal cost contributions, both employer and employee, is shown on Line B. The difference between lines A and B is the Fund's actuarial accrued liability as of the actuarial valuation date.

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The UAAL, at any date after establishment of a system, is affected by any actuarial gains or losses arising when the actual experience of the system varies from the experience anticipated by the actuarial assumptions used in the valuations. To the extent actual experience, as it develops, differs from that expected according to the assumptions used, so will the emerging costs differ from the estimated costs disclosed in this report.

Funding Adequacy

A key consideration in determining the adequacy of the funding of a system is how the UAAL is being serviced. If the UAAL amount is positive, that is, the actuarial accrued liability to be funded is greater than the assets, then the UAAL is amortized. Idaho law calls for the UAAL to be paid off in no more than 25 years.

The Fund had a UAAL for the year ending June 30, 2009. The UAAL decreased during the years ending June 30, 2010, and June 30, 2011, primarily due to asset gains. The UAAL increased during the year ending June 30, 2012, primarily due to asset losses and changes in investment earnings assumption. The UAAL grew further during the years ending June 30, 2013, June 30, 2014, June 30, 2015, and June 30, 2016, primarily due to asset losses. The UAAL decreased during the years ending June 30, 2017, and June 30, 2018, primarily due to asset gains. The UAAL increased during the year ending June 30, 2019, primarily due to changes in demographic assumptions. The UAAL grew further during the year ending June 30, 2020, due to asset losses. The UAAL decreased during the year ending June 30, 2021, primarily due to asset gains. The UAAL increased during the year ending June 30, 2022, primarily due to asset losses. The UAAL decreased during the years ending June 30, 2023, and June 30, 2024, primarily due to asset gains. The UAAL remained the same during the year ending June 30, 2025. The UAAL decreased during the year ending June 30, 2026, primarily due to asset gains. The dollar amount of the UAAL is $6.5 million.

Discretionary PAA Increases

For members who's postretirement benefit increases are based on the Postretirement Allowance Adjustments described in Idaho Code Section 59-1355 (a.k.a., PERSI PAA), the costs of providing future postretirement increases of 1% per year are included in the liabilities shown in this report. These increases are automatic as long as the increase in the CPI-U is at least 1%. The Board may, subject to modification or rejection by the Legislature, grant discretionary increases of up to an additional 5% per year, provided that the total percentage increase does not exceed the percentage change in the CPI and that the increase can be supported by the assets of the System. Any future discretionary PAAs will increase the costs of the plan above the liabilities shown in this report.

Funding Policy

Table 11 shows the current contribution rates and scheduled increases (if any). These reflect the statutory requirements (1-2004B) that member contribution rates must always be 18.5% of the employer contribution rate.

The Board must satisfy the statutory requirement that contribution rates are sufficient to amortize the UAAL in no more than 25 years. As shown in Table 12, as of July 1, 2026, the current contribution rates do meet this requirement. Therefore, the Board is not required to increase contribution rates at this time.

Idaho Statute and the Board's historical practices are consistent with the plan accumulating assets adequate to make benefit payments when due.

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Table 9
Unfunded Actuarial Accrued Liability

(All amounts in millions)

	Valuation Date:	July 1, 2026	July 1, 2025
A.	Actuarial Present Value of all Future Benefits	$ 174.3	$ 171.2
B.	Actuarial Present Value of Total Future Normal Costs	27.2	25.7
C.	Actuarial Accrued Liability [A - B]	$ 147.1	$ 145.5
D.	Market Value of Assets Available for Benefits	140.6	127.5
E.	UAAL (Funding Reserve) [C - D]	$ 6.5	$ 18.0
F.	Amortization Period	2.8 years	9.2 years
G.	Funded Ratio [D / C]	95.6%	87.6%

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Table 10
Normal Cost Rates
July 1, 2026

	Judges
Service Retirement Including Reduced Early Retirement	45.65%
Deferred Vested Retirement	0.00%
Disability Retirement	0.00%
Death	0.75%
Refunds of Member Contributions	0.01%
Total	46.41%
Less Member Contributions	11.32%
Employer Normal Cost Rate	35.09%

Analysis of Member Contributions

Member Contributions	11.32%
Less Expected Refunds	0.01%
	11.31%

Notes:

1. Total Normal Cost Rates are based on the Individual Entry Age Normal Cost Method.
2. The member contribution rate shown above is adjusted to reflect that members with 20 or more years of service don't pay contributions. See Table 11 for details.

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Table 11
Current Contributions

	Rates as of July 1, 2026	No Scheduled Changes
A. Total Contribution Rate: less than 20 years of service (set by the Board)	**74.10%**	
B. Employer Contribution Rate [A ÷ 1.185]	**62.53%**	
C. Member Contribution Rate		
1. Member Contribution Rate: Less than 20 Years of Service [A - B]	11.57%	
2. Member Contribution Rate: 20+ Years of Service	0.00%	
3. Total FY2027 Salaries: Less than 20 years of Service	$8,709,400	
4. Total FY2027 Salaries: 20+ years of Service	$189,508	
5. Adjusted Member Contribution Rate [(1 x 3 + 2 x 4) ÷ (3 + 4)]	11.32%	
D. Total Adjusted Contribution Rate [B + C5]	**73.85%**	

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Table 12
Minimum Contribution Rate

	Valuation Date	July 1, 2026		July 1, 2025
	Funding Basis	Actual Contribution Rates	Minimum Contribution Rate[1]	Actual Contribution Rates
A.	Employer Contribution Rate	62.53%	40.46%[2]	62.53%
B.	Member Contribution Rate	11.57%	7.49%[2]	11.57%
C.	**Total Contribution Rate [A + B]**	**74.10%**	**47.95%**[2]	**74.10%**
D.	Adjusted Member Contribution Rate[3]	11.32%	7.33%[2]	11.31%
E.	Adjusted Total Contribution Rate[3] [A + D]	73.85%	47.79%[2]	73.84%
F.	Total Normal Cost Rate	46.41%	46.41%	47.18%
G.	Amount Available to Amortize Liability [E - F]	27.44%	1.38%[2]	26.66%
H.	Dollar Amount of UAAL in Millions (if Negative, Funding Reserve)	$ 6.5	$ 6.5	$18.0
I.	Amortization Period	2.8 years	25.0 years[1]	9.2 years

1. The Minimum Contribution Rate column ignores any scheduled contribution rate changes, and assumes that contribution rates switch to the displayed rates effective July 1, 2028.

2. The Minimum Contribution Rate column shows the contribution rates as of July 1, 2028, while the other columns all show the current contribution rates as of the valuation date. The ultimate adjusted contribution rate based on the current schedule is 73.85%; see Table 11 for details.

3. Adjusted to reflect that members with 20 or more years of service don't pay contributions. See Table 11 for details..

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6. Supplemental Information

Cash Flow Projections

Table 13 summarizes the historical cash flows for the Fund and the projected cash flows for the next ten years. The cash flow is projected to be negative in each of the next ten years.

The projected cash flows include the Fund's contributions and benefits. They are based on the actuarial assumptions as stated in Appendix A and the scheduled contribution rates as stated in Table 11. Any other changes in future contribution rates will change net cash flow.

Plan (B) Senior Judge Cost Analysis

Effective July 1, 2014, under Idaho Code section 1-2002, there are reporting requirements pertaining to retirement under 1-2001(2)(b), which states:

> *The retirement board shall submit an annual report for each fiscal year on the status and condition of the judges' retirement fund to the supreme court, to the chairman of the judiciary and rules committee of the senate, to the chairman of the judiciary, rules and administration committee of the house and to the chairmen of the joint finance-appropriations committee. Such report shall include a fiscal year end actuarial evaluation of the judges' retirement fund and shall include a specific report on any costs or savings arising from the retirement of persons under the provisions of subsection (2)(b) of section 1-2001, Idaho Code. The retirement board shall consult with the administrative director of the courts concerning any prospective changes or amendments to statutes and rules relating to the judges' retirement fund.*

Subsection (2)(b) of section 1-2001, Idaho Code, is applicable to judges who continue working as part time Senior Judges after their retirement. If they elect this provision, they will be granted increased retirement benefits under the Judges' Retirement Fund (See the Retirement Under Paragraph (b) section of Appendix B for more details). In exchange, judges hired on or before June 30, 2012, agree to work 35 days a year, and judges hired after June 30, 2012, agree to work 60 days per year, for five years as a Senior Judge and forego the usual compensation associated with this work. Table 14 summarizes the cost analysis of this retirement provision.

ASOP No. 4 Reasonable ADC Rate

Actuarial Standards of Practice Number 4 (ASOP No. 4) requires the actuary to calculate and disclose a "reasonable" actuarially determined contribution (ADC), which considers that the actuarial methods and assumptions follow actuarial standards of practice. We believe that the Board's approved contribution rates, including the processes for updating the rates when required by Idaho Statute, meets this standard.

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Table 13
Cash Flow History and Projections

(All dollar amounts in millions)

Historical Cash Flows

Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2017	$ 4.6	$ 6.2	$ (1.6)
2018	5.0	6.7	(1.7)
2019	5.5	7.2	(1.7)
2020	5.7	7.6	(1.9)
2021	5.9	7.7	(1.8)
2022	6.0	8.2	(2.2)
2023	6.4	8.6	(2.2)
2024	6.5	9.2	(2.7)
2025	6.8	9.5	(2.7)
2026	7.7	10.2	(2.5)

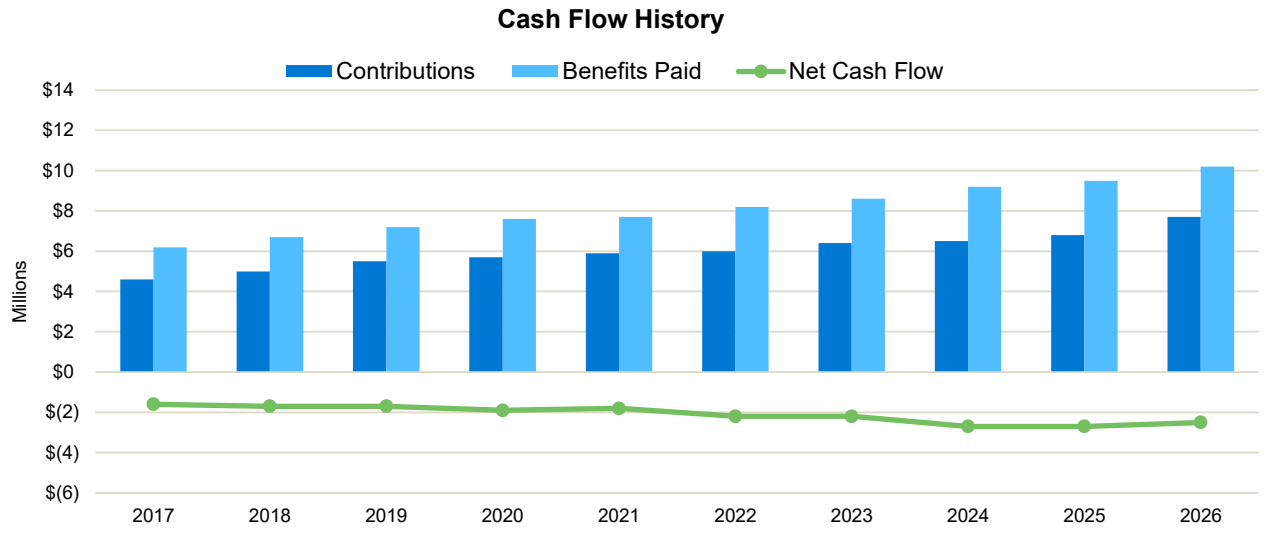
Projected Cash Flows

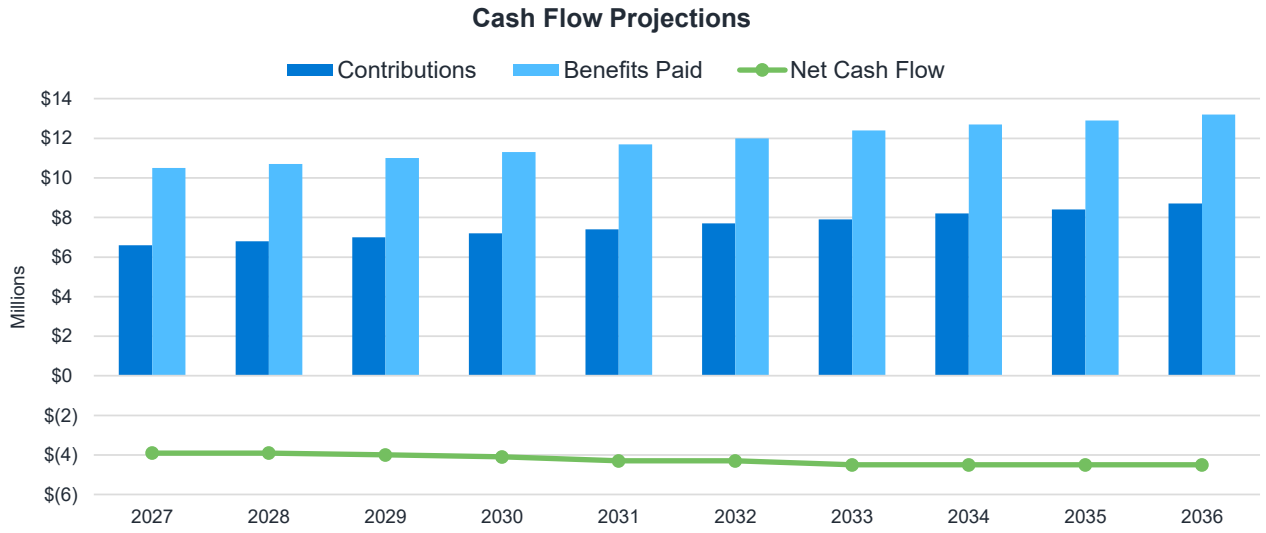
Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2027	$ 6.6	$ 10.5	$ (3.9)
2028	6.8	10.7	(3.9)
2029	7.0	11.0	(4.0)
2030	7.2	11.3	(4.1)
2031	7.4	11.7	(4.3)
2032	7.7	12.0	(4.3)
2033	7.9	12.4	(4.5)
2034	8.2	12.7	(4.5)
2035	8.4	12.9	(4.5)
2036	8.7	13.2	(4.5)

Notes:

1. This table only shows cash flows for the Judges' Retirement Fund.
2. Projected contributions are based on the currently scheduled contribution rates.
3. A negative cash flow means a portion of the Fund's investment income will need to be used to cover expected benefit payments. This could impact the Fund's future asset allocations and asset liquidity needs.
4. Projected benefits paid only includes benefits paid to members included in this valuation. No adjustments are made for benefits paid to future new members.

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Notes:

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2. Projected contributions are based on the currently scheduled contribution rates.
3. A negative cash flow means a portion of the Fund's investment income will need to be used to cover expected benefit payments. This could impact the Fund's future asset allocations and asset liquidity needs.
4. Projected benefits paid only includes benefits paid to members included in this valuation. No adjustments are made for benefits paid to future new members.

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Table 14
Fiscal Year 2026 Cost Analysis of Retirement Under Idaho Code Section 1-2001(2)(b)

	Retirees currently providing Senior Judge Service (less than five years since retirement)[1]	Retirees no longer providing Senior Judge Service (more than five years since retirement)[2]	Total
Retiree Count	11	28	39
Analysis of Annual Impact on JRF			
Plan (b) Benefit Costs	$171,480	$525,272	$696,752
Analysis of Annual Impact on General Fund			
Healthcare Benefits Costs[3]	$23,200	N/A	$23,200
Compensation Costs/(Savings)[4]	(291,200)	N/A	(291,200)
Costs/(Savings)	($268,000)	N/A	($268,000)

1. All benefits and costs have been prorated for judges who either retired or completed their 5-year requirement in the middle of the fiscal year.

2. There are three surviving spouses of former Senior Judges who are not included in these totals.

3. Based on a $200 monthly health insurance stipend.

4. Based on senior judges working 35 days per year for judges hired on or before June 30, 2012, and 60 days per year for judges hired after June 30, 2012, without receiving a salary. The value of this service to the state is estimated using a daily compensation rate calculated as the annual salaries for full time judges divided by 260 days per year.

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7. Risk Disclosure

The purpose of this section is to identify, assess, and provide illustrations of risks that are significant to the Plan, and in some cases, to the Plan's members.

In addition, as plans mature, they accumulate larger pools of assets and liabilities. This increases the potential risk to plan funding and the finances of those who are responsible for plan funding. As shown by the Asset Volatility Ratio discussed later in this section, the Plan's assets are now much larger compared to payroll than in the past. The Asset Volatility Ratio example shows that because of this, a 10% investment loss on assets today costs about 142% as much, when measured as a percent of payroll, than a 10% investment loss would have cost in 2010. Since the Plan makes long-term promises and relies on long-term funding, it is important to consider how mature the Plan is today and how mature it may become in the future.

The results of any actuarial valuation are based on one set of assumptions. Although we believe the current assumptions for the Fund provide a reasonable estimate of future expectations, it is almost certain that future experience will differ from the assumptions to some extent. It is therefore important to consider the potential impacts of these potential differences between assumptions and experience when making decisions that may affect the future financial health of the Plan or of the Plan's participants.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

This Section uses the framework of ASOP 51 to communicate important information about significant risks to the Fund, the Fund's maturity, and relevant historical Plan data.

Identification of Risks

There are a number of factors that affect future valuation results. To the extent actual experience for these factors varies from the assumptions, this will likely cause either increases or decreases in the Plan's future funding level and calculated contribution rates. Examples of factors that can have a significant impact on valuation results are:

- Investment return as this will impact the level of assets available to pay benefits.
- Postretirement benefit increases as they have a significant impact on the costs to the system.
- Payroll variation as this will impact the ability to finance unfunded amounts as a percent of future pay.
- Salary variation as this will impact the size of benefits members receive.
- Mortality as this will impact how long retirees receive benefits.
- Service retirement as this will impact: how long retirees receive benefits, the size of retiree benefits, the amount of time to receive employer and employee contributions, and the amount of time for investment earnings to accumulate on those contributions.
- Termination (members leaving active employment for reasons other than death, disability, or service retirement) as this will impact the size of those members' benefits.

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Investment Return

Of the factors listed above, we believe the factor with the greatest potential risk is future investment returns. For example, based on current assumptions, including a 6.50% investment return (net of all expenses), the UAAL is expected to be fully paid off over the next 2.8 years – well within the statutory limit of 25 years. However, if the fund has a low investment return year in 2027, this could quickly change. Specifically, an asset return of -21.2% in fiscal year 2027 would raise that amortization period above the 25-year statutory limit and require a contribution rate increase. Assuming returns are normally distributed with a mean of 6.50% and a standard deviation of 13.00%, we calculate that there's a 2% probability of the asset return in 2027 being -21.2% or less.

The Plan's target allocation represents a balance of risk and return. Investing in lower-returning asset classes should reduce future investment returns and therefore increase future contribution rates, but the lower risk levels might result in lower year-over-year volatility in contribution rates. Conversely, investing in higher-returning asset classes should increase future investment returns and therefore reduce future contribution rates, but might also increase the volatility of those contribution rates.

If the Plan were invested in a low-default-risk portfolio (e.g.,100% in the Bond Buyer GO 20-Bond Municipal Index), it would impact the investment earnings assumption and therefore the actuarial accrued liability, funded ratio, and ultimately the contribution rates; the volatility of the contribution rates would also change based on the risk level of the portfolio:

July 1, 2026	**Bond Buyer Index[1]**	**Plan's Current Assumption**
Investment Earnings Assumption[2]	4.58%[3]	6.50%
Actuarial Accrued Liability	$176.9 million[4]	$147.1 million

1 This would be considered a "low-default-risk obligation measure (LDROM)" using the language of ASOP No. 4.

2 Net of all expenses including 0.05% of assumed administrative expenses.

3 July 1, 2026, rate of 4.63% net of the 0.05% administrative expense assumption.

4 Calculated using the same actuarial assumptions and methods that were used for this valuation, except for the interest rate.

The Bond Buyer Index example helps the reader understand the cost of investing in an all-bond portfolio and significantly lowering expected long-term investment returns. The Plan's current assumption reflects the actual investment portfolio. Benefit security for members of a plan relies on a combination of the assets in the plan, the investment returns generated on those assets, and the promise of future contributions from the plan sponsors.

Since the assets of the Fund are not invested in an all-bond portfolio, the Bond Buyer Index example does not indicate the funding status or progress, nor provide information on necessary plan contributions or the security of participant benefits. The difference between the Plan's current assumption and the Bond Buyer Index example can be thought of as representing the expected taxpayer savings from investing in the Plan's diversified portfolio compared to investing only in high quality bonds.

Postretirement Benefit Increases

Another significant factor is postretirement increases. If postretirement increases vary from the assumptions in this report (see Appendix A for details), then that could have a significant impact on the cost of the plan.

Considering the risk disclosures recommended by ASOP 51, we include the following hypothetical to illustrate the sensitivity of a higher postretirement increase assumption. If the annual postretirement increase assumption used in the liabilities and costs calculated in this report were raised by 1.00% per year, we estimate that it would increase the UAAL as of July 1, 2026, by $13.5 million above the $6.5 million shown in this report.

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Demographic Experience

While investment returns and postretirement benefit increases have historically caused many of the greatest deviations from expected experience, there are many other assumptions made in an actuarial valuation. For these assumptions, differences between actual and assumed experience will also result in actuarial gains and losses. Table 2, in Section 1 of this report, provides a look at the impact in recent years of actual experience deviating from assumed.

Asset Volatility Ratios and Liability Volatility Ratios

The magnitude of any contribution rate increase or decrease is affected by a system's maturity level. As systems mature, they accumulate larger pools of assets. Gains and losses on these larger pools of assets create more volatility in the contributions needed to fund the system.

One indicator of this potential volatility is the Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll. As assets grow compared to payroll, any percentage gain or loss on those assets will be larger compared to payroll. This causes any resulting changes in required contributions from those gains or losses to also be larger when measured as a percent of payroll. Therefore, plans with a high AVR will be subject to a greater level of volatility in required contributions. The AVR is a current measure since it is based on the current level of assets and will vary from year to year. The current AVR for the Judges' Retirement Fund of Idaho is 13.4, which is higher than the AVR in 2010 of 9.5.

Another measure of a system's maturity is the Liability Volatility Ratio (LVR), which is equal to the AAL divided by the total payroll. This ratio provides an indication of the potential contribution volatility due to liability experience (gains and losses) and liability re-measurements (assumption changes). For the Judges' Retirement Fund of Idaho, the current LVR is 14.0.

Historical and Projected Cash Flows

One way to assess future risks is to look at historical measurements. Table 13, in Section 6 of this report, summarizes the Fund's historical cash flows for the last ten years and the projected cash flows for the next ten years.

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Appendices



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Appendix A Actuarial Procedures and Assumptions

The actuarial procedures and assumptions used in this valuation are described in this section. The economic assumptions were changed as of July 1, 2025, based on our 2025 PERSI Experience Study. The mortality and demographic assumptions were changed as of July 1, 2024, based on our 2024 JRF Experience Study. The mortality assumptions are based on the Pub 2010 Mortality Tables with generational mortality improvement adjustments, as described in this section.

The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of the Fund and of the Fund itself in areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the Fund's benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed. The other rates were developed from the experience of the Fund and are illustrated in Tables A-2.

Actuarial Cost Method

The actuarial valuation is prepared using the individual entry age actuarial cost method. In August 2013, the Board adopted this new cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets and (b) the actuarial present value of future normal costs is called the unfunded actuarial accrued liability (UAAL). The UAAL, if positive, is amortized as a level percentage of the projected salaries of present and future members of the Fund during various amortization periods. In effect, this means that UAAL amortization payments are assumed to grow at the same rate as the General Wage increase assumption (currently 3.15%).

The normal cost rates used in this valuation were calculated based on all current active members as of July 1, 2026. The normal cost and projected salaries for fiscal year 2027 for all active members were calculated. The ratio of the two is the aggregate normal cost rate which is shown in Table 10.

Records and Data

The data used in this valuation consist of financial information and the age, service, and income records for contributing and former contributing members and their survivors. All of the data were supplied by the System and were accepted for valuation purposes without audit but were reviewed for reasonableness.

Growth in Membership

For benefit determination purposes, no growth in the membership of the Fund is assumed. For funding purposes, the total payroll of covered members is assumed to grow due to the combined effects of future wage increases of current active members and the replacement of the current active members by new employees. No growth in the total number of active members is assumed.

Employer Contributions

The employer contribution rate is set by the Retirement Board. As of July 1, 2026, the current rate is 62.53% of salary.

There are currently no scheduled rate changes.

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Member Contributions

The member contribution rate is 18.5% of the employer contribution rate. As of July 1, 2026, the current rate is 11.57% of salary. Members with 20 or more years of service pay no member contributions.

There are currently no scheduled rate changes.

Valuation of Assets

All assets are valued at market as of the valuation date.

Investment Earnings and Expenses

The future investment earnings of the assets of the Fund are assumed to accrue at an annual rate of 6.55% (net of investment expenses), compounded annually. Investment earnings of 0.05% are assumed sufficient to cover the general administrative expenses of the Fund giving an investment earning assumption (net of all expenses) of 6.50%. These rates were adopted July 1, 2025.

Postretirement Benefit Increases

Any member who assumed office prior to July 1, 2012, is assumed to have a postretirement increase of 3.15% per year. However, for members who made an irrevocable election prior to August 1, 2012, to have their postretirement benefit increases based on Idaho Code Section 59-1355, a postretirement increase of 1.00% per year is assumed instead.

Any member who assumed office on or after July 1, 2012, is assumed to have a postretirement increase of 1.00% per year.

The 3.15% assumption is equal to the future salary increase assumption (as these members' postretirement increases are equal to the salary increases that current Judges receive). The 1.00% assumption is the same as used in our PERSI Valuation Report; see that report for justification for the 1.00% assumption.

Cash Refund Benefits

Members receiving retirement benefits will not receive less than each member's accumulated member contributions at retirement, credited with 6.50% investment return per annum, compounded annually. Other than the case of member death prior to vesting, these cash refund benefits are excluded from the valuation. Due to the low probabilities of both the member and spouse dying prior to receiving benefits equal to the accumulated member contributions, it was determined this benefit was immaterial to the valuation results.

Interest on Employee Contributions

The credited interest rate on employee contributions is assumed to be 6.50% per annum, compounded annually as set by the Idaho Code Section 1-2001.

Future Salaries

The rates of annual salary increase assumed for the purpose of the valuation are 3.15% per annum. The current assumption was adopted July 1, 2025.

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Retirement

Once eligible for retirement, members are assumed to retire at the rates shown in Table A-2.

All members who attain or who have attained age 71 in active service are assumed to retire immediately (regardless of years of service).

Table A-2 was adopted July 1, 2024.

Disability

There are no disabilities that are valued.

Mortality

Several different sets of mortality rates are used in the valuation for contributing members, retired members, and beneficiaries. These rates were adopted July 1, 2019.

Group	Base Mortality Tables
Male Annuitant & Male Beneficiaries	Pub-2010, amount-weighted, general, above median, male, annuitant table
Male Non-Annuitant	Pub-2010, amount-weighted, general, above median, male, employee table
Female Annuitant & Female Beneficiaries	Pub-2010, amount-weighted, general, above median, female, annuitant table
Female Non-Annuitant	Pub-2010, amount-weighted, general, above median, female, employee table

All mortality tables are adjusted with generational projection scales. The projection scales are calculated at each age as the 60-year geometric average of the mortality improvement rates reported by the Social Security Administration from 1957 through 2017 (blended 50% female, 50% male). This mortality improvement assumption was adopted July 1, 2024.

Other Employment Terminations

There are no other employment termination assumptions that are valued.

Inactive Members

For vested inactive members not currently receiving benefits, the present value of benefits is determined based on the estimated benefit payable for retirement based on their electing to retire at their earliest eligibility. Retirement eligibility is the same as in service retirement eligibility.

For non-vested inactive members not currently receiving benefits, the present value of benefits is equal to the accumulated member contributions.

Plan (B) Retirement

50% of eligible members are assumed to retire under Paragraph (b). See the Retirement Under Paragraph (b) section of Appendix B for more details.

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Probability of Marriage

The marriage assumption for all members is 100%.

Spouse Age Difference

The spouse is assumed to be two years younger than the male members and two years older than the female members.

Form of Payment

There are two normal forms of payments, 50% Contingent Annuitant Allowance (CA) for those hired before July 1, 2012, and 30% CA for those hired after June 30, 2012. Upon commencement, members are assumed to elect annuity payment forms at the following rates:

- 50% will elect the normal form of payment
- 50% will elect the 100% CA

These rates were adopted July 1, 2024.

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Table A-1
Summary of Valuation Assumptions

July 1, 2026

I.	Economic Assumptions	
	A. General wage increases	3.15%
	B. Investment earnings (net of expenses)	6.50
	C. Payroll growth	3.15
	D. Postretirement benefit increases	
	Assumed office before July 1, 2012[1]	3.15
	Assumed office on or after July 1, 2012	1.00
	E. Inflation	2.40
II.	Demographic Assumptions	
	A. Salary increases in excess of general wage increases	None
	B. Retirement	Table A-2
	C. Disability	None
	D. Mortality among members and beneficiaries	

Group	Base Mortality Tables
Male Annuitant & Male Beneficiaries	Pub-2010, amount-weighted, general, above median, male, annuitant table
Male Non-Annuitant	Pub-2010, amount-weighted, general, above median, male, employee table
Female Annuitant & Female Beneficiaries	Pub-2010, amount-weighted, general, above median, female, annuitant table
Female Non-Annuitant	Pub-2010, amount-weighted, general, above median, female, employee table

All mortality tables are adjusted with generational projection scales. The projection scales are calculated at each age as the 60-year geometric average of the mortality improvement rates reported by the Social Security Administration from 1957 through 2017 (blended 50% female, 50% male).

	E. Other terminations of employment	None
	F. Election to retire under Paragraph (b) (upon eligibility)	50%

1. *Members who assumed office before July 1, 2012, had until August 1, 2012, to make an irrevocable election to have their postretirement benefit increases based on the Consumer Price Index as described in Idaho Code Section 59-1355. For these participants, 1.00% is assumed.*

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Table A-2
Service Retirement

Age	Rate of Retirement
55[1]	13.00%
56	13.00
57	13.00
58	13.00
59	13.00
60	14.00
61	14.00
62	14.00
63	14.00
64	14.00
65	26.00
66	26.00
67	26.00
68	26.00
69	26.00
70	29.00
71	100.00

1. 2% rate assumed for members eligible from age 50 to 54.

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Appendix B Provisions of Governing Law

All actuarial calculations are based on our understanding of the statutes governing the Judges' Retirement Fund of the State of Idaho, as contained in Sections 1-2001 through 1-2012, inclusive, of the Idaho Code, with amendments effective through July 1, 2026. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the Idaho Code. This summary does not attempt to cover all the detailed provisions of the law. Only those benefits in effect through July 1, 2026, are considered in this valuation.

Effective Date

The effective date of the Retirement Fund was 1947.

Member Contribution Rate

The member contribution rate as of July 1, 2026, is 11.57% of salary. Members contribute to the plan during the first 20 years of service (Section 1-2004B).

Employer Contribution Rate

The employer contribution rate as of July 1, 2026, is 62.53% of salary, which is contributed by the State (Section 1-2004A).

Service Retirement Allowance

Eligibility

Age 65 with four years of service, 60 with ten years of service, 55 with 15 years of service, or any age with 20 years of service (Section 1-2001).

Amount of Allowance

The annual service retirement allowance is 5.0% multiplied by the number of years served as either justice, judge, or both for the first ten years of credited service plus 2.5% multiplied by the remaining number of years of credited service as either justice or judge or both, but in any event, the total shall not be greater than 75%.

For members who assumed office before July 1, 2012, the retirement allowance is multiplied by the current annual compensation of the highest office in which they served.

For members who assumed office on or after July 1, 2012, the initial retirement allowance is multiplied by the annual compensation at the time of retirement of the highest office in which they served (Section 1-2001).

Normal Form

For members who first assumed office before July 1, 2012, monthly payments for life under a fully subsidized 50% Joint and Survivor annuity.

For members who first assumed office on or after July 1, 2012, monthly payments for life under a fully subsidized 30% Joint and Survivor Annuity (Section 1-2001, 1-2001b, and 1-2009).

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Vested Retirement Allowance

Eligibility

Vested former contributing members are entitled to receive benefits upon reaching the eligibility age requirements in Section 1-2001.

Amount of Allowance

Accrued service retirement allowance (Section 1-2001).

Disability Retirement Allowance

Eligibility

Four years of membership service. (Section 1-2001).

Amount of Allowance

Accrued service retirement allowance (Section 1-2001).

Normal Form

Same as service retirement.

Death Benefits

After Retirement or Termination

For members who first assumed office before July 1, 2012, 50% of the judge's retirement benefit is continued to the surviving spouse.

For members who first assumed office on or after July 1, 2012, 30% of the judge's retirement benefit is continued to the surviving spouse.

Upon termination or retirement, a member may elect to have 100%, or 50% of their accrued retirement benefit continued to their surviving spouse upon his or her death. Such election results in a reduction of their monthly benefit to the actuarial equivalent of their normal retirement benefit, which is a 50% surviving spouse benefit if first assumed office before July 1, 2012, or a 30% surviving spouse benefit if first assumed office on or after July 1, 2012 (Sections 1-2001b and 1-2009).

Before Retirement or Termination

An amount equal to the benefit the judge would have received had they elected a 100% Joint and Survivor benefit before their death (Section 1-2009).

Withdrawal Benefits

Accumulated contributions with credited interest at 6.5% per annum, compounded annually (Section 1-2001).

Postretirement Increases

For members who first assumed office before July 1, 2012, postretirement benefit increases are in proportion to increases in the salary of the highest office in which the member served (Section 1-2001).

Members who assumed office before July 1, 2012, had until August 1, 2012, to make an irrevocable election to have their postretirement benefit increases based on the Postretirement Adjustment Allowance (PAA) described in Idaho Code Section 59-1355. Those that made this election will instead receive the benefit increases described below.

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For members who first assumed office on or after July 1, 2012, Postretirement benefit increases are based on PAAs described in the prior paragraph. The measurement period for changes in the CPI-U is from August to August. The PAA changes are implemented effective on June 1, following the measurement period.

If the CPI-U increases by at least 1%, the PAA is at least 1%. If the CPI-U increases by more than 1%, an additional postretirement increase of up to 5% each year (but not more than the increase in the CPI-U) may be authorized by the Board, subject to the approval of the Legislature.

If the CPI-U increases by less than 1% or decreases, the PAA is automatic, based on the change in the CPI-U. If a negative PAA is applicable, the negative PAA cannot decrease benefits by more than 6%. Additionally, a negative PAA cannot decrease a member's benefit below the amount of the benefit at the initial benefit date.

If a PAA is implemented that is less than the increase in the CPI-U, members' benefits will not retain their full inflation-adjusted purchasing power. In such cases, the Board may implement a retro-PAA at a later date to bring those members closer to 100% of inflation adjusted purchasing power. As with a discretionary PAA, a retro-PAA is subject to approval of the Legislature (Section 59-1355).

Pop-Up Benefit

Section 1-2001b, paragraph (2), provides a judge with a pop-up benefit if the named contingent annuitant predeceases the judge. This benefit equals what they would have received had they not elected the 100% or 50% Joint and Survivor form of payment.

Retirement Under Paragraph (b)

Section 1-2001(2), paragraph (b), provides any person serving as justice of the supreme court, a judge of the court of appeals, or a district judge of a district court an additional 2.5% of the current annual compensation multiplied by five years senior judge service but in any event, the total shall not be greater than 75% of the current annual compensation. The five years of senior judge service is required for this benefit. This benefit is not available with the age of 55 and 15 years of service retirement for those judges who first took office after July 1, 2012.

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Appendix C Valuation Data and Comparative Schedules

This valuation is based on the membership of the Fund as of June 30, 2026. We relied on data supplied by the System. If there are material defects in the data, it is possible they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

The membership of the Fund includes judges of the State of Idaho.

The data for all contributing members, former contributing members, and their survivors are summarized in Table C-1 and Table C-2. Table C-1 summarizes the inactive members of the plan. Table C-2 summarizes the age, service, and salary statistics for all active judges.

Table C-3 summarizes changes in status for active and inactive members and annuitants between July 1, 2025, and July 1, 2026.

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Table C-1
Summary of Membership Data – Inactive Members

Participants with Deferred Benefits

Age	Number of Participants	Monthly Benefit Amount
< 30	0	$0
30 - 34	0	0
35 - 39	0	0
40 - 44	0	0
45 - 49	0	0
50 - 54	1	5,122
55 - 59	0	0
60 - 64	0	0
65 & Up	1	3,255
Total	2	$8,377

Participants in Pay Status

Age	Number of Participants	Monthly Benefit Amount
< 55	1	$10,978
55 - 59	1	10,779
60 - 64	0	0
65 - 69	11	87,050
70 - 74	28	194,824
75 - 79	31	236,550
80 - 84	22	151,467
85 - 89	12	89,623
90 & Up	13	78,608
Total	119	$859,879

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Table C-2
Summary of Age and Service Statistics – Active Members

Number of Participants by Age and Service Groups

Age	<1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & Up	Total
< 25	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	1	0	0	0	0	0	0	0	0	1
40 - 44	0	3	0	0	0	0	0	0	0	0	3
45 - 49	3	0	2	0	0	0	0	0	0	0	5
50 - 54	1	2	5	2	0	0	0	0	0	0	10
55 - 59	0	2	6	2	0	0	0	0	0	0	10
60 - 64	0	4	4	3	4	0	0	0	0	0	15
65 - 69	0	1	3	1	0	1	0	0	0	0	6
70 & Up	0	0	1	0	0	0	0	0	0	0	1
Total	4	13	21	8	4	1	0	0	0	0	51

Average Compensation by Age and Service Groups

Age	<1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & Up	Total
< 25	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	172,508	0	0	0	0	0	0	0	0	172,508
40 - 44	0	172,508	0	0	0	0	0	0	0	0	172,508
45 - 49	174,508	0	172,508	0	0	0	0	0	0	0	173,708
50 - 54	172,508	172,508	177,108	174,008	0	0	0	0	0	0	175,108
55 - 59	0	172,508	175,841	172,508	0	0	0	0	0	0	174,508
60 - 64	0	172,508	172,508	175,508	177,508	0	0	0	0	0	174,441
65 - 69	0	172,508	172,508	175,508	0	189,508	0	0	0	0	175,841
70 & Up	0	0	172,508	0	0	0	0	0	0	0	172,508
Total	174,008	172,508	174,556	174,383	177,508	189,508	0	0	0	0	174,490

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Table C-3
Changes in Status

	Active Members	Vested Terminated Members	Retired Members	Beneficiaries	Total
July 1, 2025, Valuation	49	2	93	25	169
Termination without Refund	0	0	0	0	0
Service Retirement	(3)	0	3	0	0
Disability Retirement	0	0	0	0	0
Death with Beneficiary	0	0	0	0	0
Other Death or Departure	0	0	(4)	0	(4)
New Entrants	5	0	0	2	7
Rehires	0	0	0	0	0
Other	0	0	0	0	0
Total Change	2	0	(1)	2	3
July 1, 2026, Valuation	51	2	92	27	172

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Appendix D Glossary

The following definitions are largely excerpts from a list adopted in 1981 by the major actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to the Public Employee Retirement System of Idaho. Defined terms are capitalized throughout this Appendix.

Accrued Benefit

The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

Actuarial Accrued Liability

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as: mortality, withdrawal, disablement, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

Actuarial Cost Method

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates as determined in accordance with a particular Actuarial Cost Method.

Actuarial Present Value

The value of an amount or series of amounts payable or receivable at various times determined as of a given date by the application of a particular set of Actuarial Assumptions.

Actuarial Valuation

The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension plan as used by the actuary for the purpose of an Actuarial Valuation.

Actuarially Equivalent

Of equal Actuarial Present Value determined as of a given date with each value based on the same set of Actuarial Assumptions.

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Amortization Payment

That portion of the pension plan contribution that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Amortization Period

The amount of time required for the Amortization Payments to fully pay off the Unfunded Actuarial Accrued Liability.

Entry Age Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

Funding Reserve

The excess of the Actuarial Value of Assets over the Actuarial Accrued Liability. Standard actuarial terminology defines this as the "Funding Excess."

Normal Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Projected Benefits

Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.

Unfunded Actuarial Accrued Liability

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

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Idaho Firefighters' Retirement Fund

July 1, 2026 Actuarial Valuation

Prepared by:

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October 7, 2026

Public Employee Retirement System of Idaho
P.O. Box 83720
Boise, ID 83720-0078

Dear Members of the Board:

In accordance with your request, we have performed an actuarial valuation as of July 1, 2026, of the Idaho Firefighters' Retirement Fund ("Fund" or "FRF" or "Plan") provided under Idaho Code Section 17-1401 through 17-1472 and administered by the Public Employee Retirement System of Idaho ("PERSI" or "System"). The major findings of the valuation are contained in this report. This report reflects the benefit provisions and contribution rates in effect as of July 1, 2026.

Purpose of the Valuation

Actuarial computations presented in this report are for the purposes of determining the recommended funding amounts for the Plan. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Plan's funding policy. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial Assumptions

Actuarial assumptions, including investment return assumption, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Retirement Board. That entity is responsible for selecting the Plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The System is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

Variability of Results

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that

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anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements. The Retirement Board has the final decision regarding the selection of the assumptions and actuarial cost methods, and the Board has adopted them as indicated in Appendix A of this report.

Reliance

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by PERSI's staff. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Limited Distribution

Milliman's work is prepared solely for the use and benefit of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

Models

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

Qualifications and Certifications

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

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Milliman

Members of the Board
Public Employee Retirement System of Idaho
October 7, 2026

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Conclusion

We would like to express our appreciation to Mike Hampton, Executive Director of the System, and to members of PERSI's staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report and we look forward to discussing it with you.

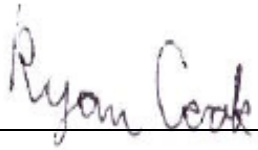
Sincerely,



Robert L. Schmidt, FSA, EA, MAAA
Principal and Consulting Actuary



Ryan Falls, FSA, EA, MAAA
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Consulting Actuary

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1. Summary of Findings

Similar to recent years, our actuarial valuation of the Fund as of July 1, 2026, shows that that there is no unfunded actuarial accrued liability (UAAL) in the Plan; thus, the plan has a Funding Reserve. Given that the Plan is frozen, this means that assets (including projected investment returns) are deemed to be sufficient to cover all outstanding benefits to be paid for the life of all remaining plan members and their beneficiaries. In light of this, the PERSI Board reduced the Additional Employer Contribution Rate (described in Section 59-1394, Idaho Code) to 0.00% effective July 1, 2020. The fund is still receiving half of the proceeds from the state's Fire Insurance Premium Tax (FIPT) each year.

One measure of funding adequacy is the funded ratio, which compares the value of the actuarial assets to the actuarial accrued liability. The following compares the 2025 and the 2026 valuations.

Valuation	Funded Ratio
2025 Valuation	220.1%
2026 Valuation	225.0%

The 2026 actuarial valuation indicates that the Funding Reserve as of July 1, 2026 was $299.9 million, which is $8.0 million less than expected. This was primarily due to the FRF Cost of Living Adjustment (COLA) being larger than expected in the past year. This was partially offset due to investment gains, as reflected in the 10.98% investment yield (net of all expenses) for the past year. This and other sources of gains and losses are shown in Table 1.

Table 2 illustrates the gains and losses incurred in the last three fiscal years attributable to both expected and unexpected experience, as well as changes in assumptions, benefits, and methods.

Actuarially Determined Contribution Rates

Since the plan is frozen and has no positive UAAL, the actuarially determined contribution rate for the plan is 0%.

Change in Assumptions, Benefits or Contribution Rates

There have been no changes in actuarial assumptions, plan benefits, or contribution rates since the July 1, 2025, valuation.

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Table 1
Gains and Losses for the Year Ended July 1, 2026

	Actuarial Accrued Liability (in millions)	**Actuarial Value of Assets**[1] (in millions)	**Unfunded Actuarial Accrued Liability** (in millions)	**Funded Ratio**	**Amort. Period** (years)
July 1, 2025, Valuation	$230.5	$507.4	($276.9)	220.1%	N/A
Expected Change Between Valuation Dates[2]	(6.1)	24.9	(31.0)		
Expected at July 1, 2026	$224.4	$532.3	($307.9)	237.2%	N/A
Effect of Actuarial Experience Gains and Losses:					
• Investments [Gain][3]	-	7.6	(7.6)		
• Benefit Payments Higher than Expected	(0.7)	(0.7)	-		
• Fire Insurance Premium Tax Higher than Expected [Gain]	-	0.7	(0.7)		
• Different PAA/COLA than Expected [Loss]	12.0	-	12.0		
• Retired Member Experience [Loss]	4.3	-	4.3		
Total Experience Gains and Losses	15.6	7.6	8.0		
Effect of Assumption Changes [none]	-	-	-		
Effect of Plan Changes [none]	-	-	-		
July 1, 2026, Valuation	$240.0	$539.9	($299.9)	225.0%	N/A

1. In September 2014, FRF funding policy was altered to implement a 3-year smoothing to calculate the actuarial value of assets. Please see Table 4b for additional details on the calculation of the actuarial value of assets.

2. The expected change in the Actuarial Value of Assets between valuation dates includes a total of ($7.2) million of deferred investment (gains) and losses from the prior two years that were recognized in the year ending June 30, 2026.

3. The investment gain for fiscal year 2026 was $22.9 million; however only one third, $7.6 million, of that is recognized as of July 1, 2026, due to the 3-year smoothing.

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Table 2
Three-Year History of Actuarial Gains and Losses

(All Dollar Amounts in Millions)

Gain (Loss) for Period

	2025-2026	2024-2025	2023-2024
Investment Income Investment income was greater (less) than expected	7.6[1]	7.0[1]	0.1[1]
Fire Insurance Premium Tax (FIPT) FIPT contribution was greater (less) than expected	0.7	0.6	0.5
Membership Growth No new members since plan was closed in 1980	None	None	None
Postretirement Allowance Adjustment (PAA) and Cost of Living Adjustment (COLA) Different PERSI PAAs and FRF COLAs than expected	(12.0)	(3.9)	(4.5)
Other Retired Member Experience Retirees died younger (lived longer) than expected and miscellaneous retiree gains (and losses) resulting from other causes	(4.3)	1.4	0.6
Other Active and Inactive Member Experience Members retiring at different times than expected and miscellaneous gains (and losses) resulting from other causes	None[2]	None[2]	None[2]
Total Gain (Loss) During the Period From Actuarial Experience	(8.0)	5.1	(3.3)
Contribution Income Expected contributions and expected asset returns were greater (less) than the normal cost and interest on the actuarial accrued liability	23.8	19.9	18.3
Deferred Recognition of Investment Income Due to asset smoothing, one-third of the investment gain (loss) from each of the two prior years are recognized in the current period	7.2	4.2	(22.5)
Non-Recurring Items			
Changes in actuarial assumptions caused a gain (loss)	None	1.3	None
Changes in actuarial methods caused a gain (loss)	None	None	None
Changes in plan provisions caused a gain (loss)	None	None	None
Change in Future Contribution Rate Increases	None	None	None
Composite Gain (Loss) During the Period	23.0	30.5	(7.5)

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the unfunded actuarial accrued liability.

1. The investment gains/(losses) were $22.9, $21.0, and $0.5, million for fiscal years 2026, 2025, and 2024, respectively; however, only a portion of these were recognized each year due to the 3-year smoothing.

2. As of the July 1, 2021, Actuarial Valuation there are no active or inactive members remaining in the plan.

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Table 3
Summary of Key Valuation Results

	July 1, 2026 Valuation	July 1, 2025 Valuation	Percentage Change
1. Total Membership			
A. Active Members	0	0	NA
B. Members and Beneficiaries Receiving Benefits	402	409	-1.7%
C. Vested Terminated Members	0	0	NA
D. Non-vested Terminated Members	0	0	NA
E. Total Membership	402	409	-1.7%
2. Annual Salaries			
A. Annual Total ($Thousands)	$ -	$ -	NA
B. Annual Average per Active Member	NA	NA	NA
3. Annual Benefits[1]			
A. Annual Benefits ($Thousands)	$ 21,844	$ 20,198	8.1%
B. Annual Average Benefits	$ 54,338	$ 49,384	10.0%
4. Actuarial Accrued Liability ($Millions)			
A. Active Members	$ -	$ -	NA
B. Members and Beneficiaries Receiving Benefits	240.0	230.5	4.1%
C. Terminated Members	-	-	NA
D. Total Actuarial Accrued Liability (AAL)	$ 240.0	$ 230.5	4.1%
5. Value of Plan Assets ($Millions)			
A. Market Value	$ 562.2	$ 521.6	7.8%
B. Actuarial Value	539.9	507.4	6.4%
6. Funded Status ($Millions)			
A. Funding Reserve (Unfunded Actuarial Accrued Liability, UAAL) (5B - 4D)	$ 299.9	$ 276.9	
B. Funded Ratio (5B ÷ 4D)	225.0%	220.1%	
7. Contribution Rates (percent of salaries)			
A. Current Total Blended Contribution Rate[2]	5.14%	4.55%	
B. Total Normal Cost Rate	0.00%	0.00%	
C. Contribution Rate Minus Normal Cost Rate (7A - 7B)	5.14%	4.55%	
D. Ultimate Total Blended Contribution Rate[2]	5.14%	4.55%	
E. Amortization Period for UAAL Based on Currently Scheduled Contribution Rates	NA	NA	

1. These benefit amounts represent only the FRF excess benefits above those provided to the members through PERSI. These excess benefits are what are valued in this report.

2. Effective July 1, 2020, the employer contribution rate for FRF was lowered to 0.00%. The only contributions expected to be received by the plan are the 50% of the FIPT that is guaranteed to FRF by statute. This is estimated to be about 5.14% of covered payroll as of July 1, 2026 (was estimated at 4.55% as of July 1, 2025).

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Contribution Rates

From 1978 to 1992, valuations of FRF amortized the unfunded actuarial present value of excess benefits from the valuation date to June 30, 2018 (40 years from July 1, 1978, when originally set).

The results of the 1996 FRF valuation based on that same funding period would have required an increase in the contribution rate. The Board decided to maintain a stable contribution rate and extend the amortization period. Idaho Code Section 59-1394 defines the maximum amortization period as 50 years. The FRF excess employer contribution rate was set at 15.40%, effective October 1, 1994. It did not change until it was increased to 17.24% on November 1, 1997, when the PERSI employer rates were temporarily decreased, resulting in no increase in the total employer contribution rate for all firefighters.

Between 1997 and 2015, the funding policy was to maintain the excess employer contribution rate at 17.24%. This rate fully paid down the unfunded present value of FRF excess benefits by July 1, 2014. This is sooner than the 40-year period based on the original amortization period to June 30, 2018.

Effective September 16, 2014, the FRF funding policy was altered to implement the following changes:

1. Reduce the excess employer contribution rate to 5.00%.
2. Use three-year smoothing to calculate the actuarial value of plan assets. This change was implemented prospectively, with the 2015 valuation using a 2-year smoothing and all subsequent valuations using a three-year smoothing.

The additional contribution rate was then further reduced to 0.00% effective July 1, 2020.

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2. Scope of the Report

This report presents the actuarial valuation of the Idaho Firefighters' Retirement Fund as of July 1, 2026. This valuation was requested by the System's Board.

We request your attention to read the cover letter to this report, where we refer to the guidelines employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings depend. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the Fund. Sections 4 and 5 describe how the obligations of the Fund are to be met under the actuarial cost method in use. Section 6 of this report shows the estimated cash flow of future retirement benefit payments, based on the actuarial assumptions. Section 7 describes various risks that are material to the Plan.

This report includes several appendices:

Appendix A	A summary of the actuarial procedures and assumptions.
Appendix B	A summary of the current benefit structure based on governing law on July 1, 2026.
Appendix C	Schedules of valuation data classified by various categories; a brief summary of the Fund's recent experience; and comparative statistics since July 1, 1988.
Appendix D	A glossary of actuarial terms used in this report.

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3. Assets

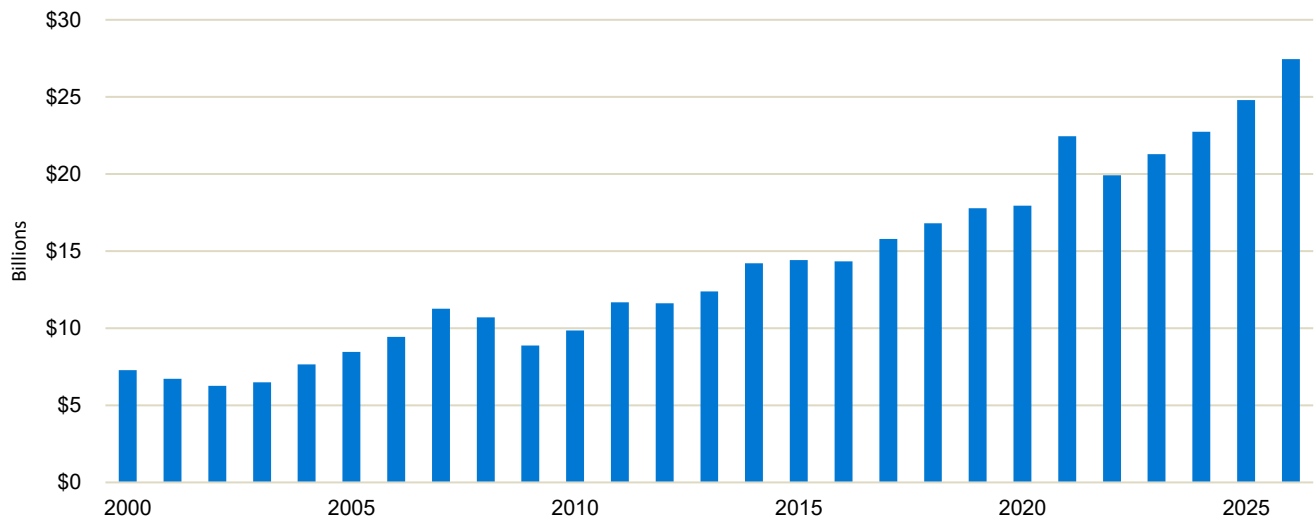
In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2026. On that date, the assets available for the payment of benefits are appraised. These assets are compared with the actuarial liabilities, which are generally well in excess of the assets. The actuarial process thus leads to a method of determining what contributions are needed to strike a balance.

This section of the report deals with asset determination. In the next section, the actuarial liabilities will be discussed. Section 5 deals with the process for determining required contributions based on the relationship between the assets and actuarial liabilities.

The net assets at July 1, 2026, of $27,459,395,200 shown below and in Table 4a include assets used in plan operations and assets held for the PERSI pension benefits, the Judges' Retirement Fund, and the Idaho Falls Police Retirement Fund. The allocation of the trust is shown at the bottom of Table 4a. The investments at fair value shown in Table 5 also include assets held for these other funds.

The market value of assets has increased 278% over the value in 2000. The chart below illustrates this growth.

Net Assets Held by PERSI



Prior to 2015, the System elected to use market value of assets on the valuation date as the asset value used in calculating the Plan's funding requirements (a.k.a. the actuarial value of assets). Effective September 18, 2014, the FRF funding policy was altered to implement three-year smoothing to calculate the actuarial value of assets. This change was implemented prospectively: the July 1, 2015 valuation used a 2-year smoothing; the July 1, 2016 valuation and all subsequent valuations use a three-year smoothing.

Table 4a presents a summary of net assets held by PERSI, including the allocation of the assets to the various funds. Table 4b presents the actuarial value of assets for FRF. Table 5 presents an analysis of the investments held by PERSI. Table 6 shows a reconciliation of the market value of assets held for FRF from July 1, 2025, to July 1, 2026. Table 7 shows an analysis of the investment yield of assets for the fiscal year ending June 30, 2026.

Tables 4 through 7 are derived from data furnished to us by the System. We have accepted these tables for use in this report without audit, but we have reviewed them for reasonableness and consistency with previous reports.

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The yield rates shown at the top of Table 7 are net of both investment and administrative expenses. The summary at the bottom of Table 7 shows the annual yields before expenses, net of investment expenses, and net of both investment and administrative expenses. Each yield should be compared with the appropriate actuarial assumption shown in the left column. The yield, net of all expenses, is 10.98% for the year ending June 30, 2026, which is compared with the actuarial assumption, net of all expenses, of 6.50% for the fiscal year ended June 30, 2026.

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Table 4a
Market Value of Assets

	July 1, 2026	July 1, 2025
Assets		
Cash	$ 33,045,330	$ 48,029,598
Investments at Fair Value	27,283,461,504	24,639,954,066
Investments Sold	25,765,180	54,819,881
Contributions Receivable	26,028,308	21,358,277
Interest and Dividends Receivable	93,179,495	88,198,002
Assets Used in Plan Operations, Net	9,837,655	7,288,011
Retiree Payroll in Process	115,975,485	107,408,023
Other Prepaids	-	-
Total Assets	$ 27,587,292,957	$ 24,967,055,858
Liabilities		
Accrued Liabilities	$ 23,387,143	$ 20,342,803
Benefits and Refunds Payable	-	1,610,077
Due to Other Funds	-	-
Investments Purchased	104,510,614	140,731,684
Total Liabilities	$ 127,897,757	$ 162,684,564
Net Assets Held by PERSI	$ 27,459,395,200	$ 24,804,371,294
Allocation of Net Assets Held by PERSI		
Total Assets Held for PERSI Pension Benefits	$ 26,737,113,237	$ 24,138,888,873
Firefighters' Retirement Fund Assets	562,236,420	521,563,002
Judges' Retirement Fund Assets	140,620,086	127,464,623
Idaho Falls Police Retirement Fund Assets	9,587,802	9,166,785
Assets Used in Plan Operations	9,837,655	7,288,011
Net Assets Held by PERSI	$ 27,459,395,200	$ 24,804,371,294
Market Value of Assets held for Firefighters' Retirement Fund	$ 562,236,420	$ 521,563,002

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Table 4b
Actuarial Value of Assets

Effective September 18, 2014, the FRF funding policy was altered to implement three-year smoothing to calculate the actuarial value of assets. This change was implemented prospectively: the July 1, 2015, valuation used a 2-year smoothing; the July 1, 2016, valuation and all subsequent valuations used a three-year smoothing.

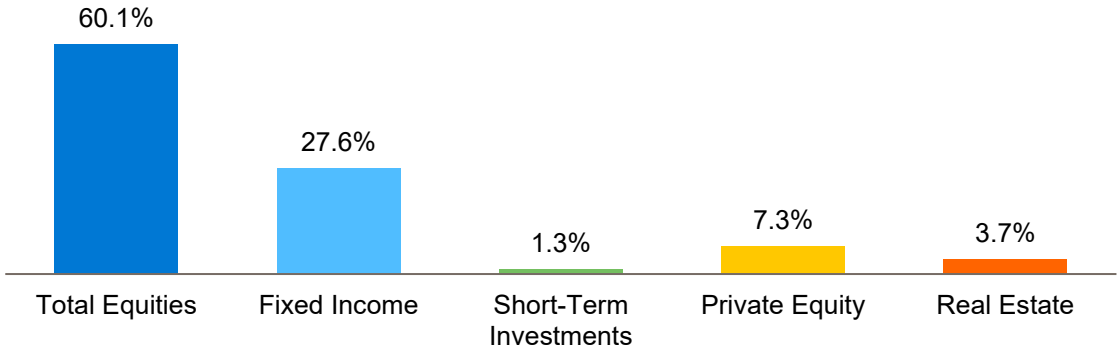
		Firefighters' Retirement Fund
A.	**July 1, 2024 Market Value of Assets**	$ 485,494,091
A1.	Fiscal Year 2025: Contributions	4,544,128
A2.	Fiscal Year 2025: Benefit Payments	(19,611,416)
A3.	Fiscal Year 2025: Expected Investment Income	30,111,508
B.	**Expected Market Value of Assets at July 1, 2025** [A + A1 + A2 + A3]	$ 500,538,311
C.	**July 1, 2025 Market Value of Assets**	$ 521,563,002
C1.	Fiscal Year 2026: Contributions	5,391,157
C2.	Fiscal Year 2026: Benefit Payments	(21,103,181)
C3.	Fiscal Year 2026: Expected Investment Income	33,390,954
D.	**1st Year Expected Market Value of Assets at July 1, 2026** [C + C1 + C2 + C3]	$ 539,241,932
E.	**2nd Year Expected Market Value of Assets at July 1, 2026** [B + C1 + C2 + C3]	$ 518,217,241
F.	**Market Value of Assets at July 1, 2026**	$ 562,236,420
G.	**July 1, 2026 Actuarial Value of Assets** [(D + E + F) ÷ 3]	$ 539,898,531

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Table 5
Analysis of Investments Held by PERSI
July 1, 2026

	Fair Value	Percentage
Fixed Income Investments		
Domestic	$ 6,683,535,907	24.5%
International	-	0.0%
Idaho Commercial Mortgages	849,731,289	3.1%
Total Fixed Income	7,533,267,196	27.6%
Short Term Investments	353,437,774	1.3%
Real Estate	1,018,436,944	3.7%
Equity Securities		
Domestic	13,419,803,814	49.2%
International	2,979,095,854	10.9%
Total Equities	16,398,899,668	60.1%
Private Equity	1,979,419,922	7.3%
Total Investments	$ 27,283,461,504	100.0%

This table also includes investments held for PERSI pension benefits, the Judges' Retirement Fund, and the Idaho Falls Police Retirement Fund. The allocation of the net assets in the trust is shown at the bottom of Table 4a.



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Table 6
Reconciliation of Assets

	July 1, 2025, to June 30, 2026	July 1, 2024, to June 30, 2025
Additions:		
Contributions		
Members	$ -	$ -
Employers	-	-
Fire Insurance Premium Tax	5,391,157	4,544,128
Total Contributions	$ 5,391,157	$ 4,544,128
Investment Income		
Net Appreciation/(Depreciation) in Fair Value of Investments	$ 55,530,097	$ 42,772,031
Interest, Dividends and Other Investment Income	10,455,442	9,859,418
Other Revenue, Net	-	-
Less: Investment Expenses	(9,598,222)	(1,449,049)
Net Investment Income	$ 56,387,317	$ 51,182,400
Total Additions	$ 61,778,474	$ 55,726,528
Deductions:		
Benefits and Refunds Paid to Plan Members and Beneficiaries	$ 21,103,181	$ 19,611,416
Administrative Expense	1,875	46,201
Total Deductions	$ 21,105,056	$ 19,657,617
Increase/(Decrease) in Market Value of Assets	$ 40,673,418	$ 36,068,911
Market Value of Assets, Beginning of Year	$ 521,563,002	$ 485,494,091
Market Value of Assets, End of Year	$ 562,236,420	$ 521,563,002

Notes:

1. This table only shows assets held for the Firefighters' Retirement Fund.

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Table 7
Analysis of Investment Yield

	July 1, 2025, to June 30, 2026	
	Total Trust	**Individual Plan**
Investment Return	$ 3,116,165,350	$ 65,985,539
Less Investment Expenses	75,814,170	9,598,222
Less Administrative Expenses	12,276,784	1,875
Net Return	$ 3,028,074,396	$ 56,385,442
Mean Assets for Period	$ 24,609,283,216	$ 513,706,990
Annual Yield	12.30%	10.98%

	Summary of Annual Yields for Year Ending June 30, 2026		
Expense Basis	**Actuarial Assumption**	**Total Trust**	**Individual Plan**
Gross – Before Expenses		12.69%	12.97%
Net of Investment Expenses	6.55%	12.36%	10.98%
Net of All Expenses	6.50%	12.30%	10.98%

Notes:

1. Investment return: See Tables 4a, 5, and 6 for data used in this table.
2. Total trust excludes assets used in plan operations.
3. Individual plan only includes assets held for the Firefighters' Retirement Fund.
4. Mean assets for period = 1/2 (beginning net assets + ending net assets - net return).
5. Annual yield = (net investment return) / mean assets.
6. Mean assets differ for each expense basis, so differences between bases are not comparable.

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4. Actuarial Liabilities

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the Fund as of the valuation date, July 1, 2026. In this section, the discussion will focus on the commitments of the Fund which are referred to as its actuarial liabilities.

Table 8 contains an analysis of the actuarial present value of all future benefits for contributing members and for former contributing members and their survivors. The analysis is given by the type of benefit.

The actuarial liabilities summarized in Table 8 include the actuarial present value of all future benefits expected to be paid with respect to each member. For all members, the value extends over benefits earnable and payable for the rest of their lives and for the lives of the surviving beneficiaries.

Members of FRF have a portion of their benefits funded through the PERSI plan provisions. The liabilities in this report reflect the excess, if any, of FRF benefits over the benefits payable from PERSI.

The economic and demographic assumptions are based on the 2025 PERSI Experience Study, which was adopted by the Board effective July 1, 2025.

All liabilities reflect the provisions of governing law in effect as of July 1, 2026, as summarized in Appendix B. No future changes are considered in determining the liabilities shown.

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Table 8
Actuarial Present Value of Future Benefits

(All amounts in millions)

July 1, 2026

Active Members	Firefighters
Service Retirement Including Reduced Early Retirement	$0.0
Deferred Vested Retirement	0.0
Disability Retirement	0.0
Death	0.0
Refunds of Member Contributions	0.0
Total	$0.0
Former Active Members & Survivors	
Service Retirement	$157.2
Disability Retirement	14.4
Survivors' Benefits	68.4
All Other Benefits	0.0
Total	$240.0
Grand Total	$240.0

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5. Employer Contributions

The previous two sections were devoted to a discussion of the assets and actuarial liabilities of the Fund. Comparison of Tables 4b and 8 indicates that the actuarial assets of the Fund are greater than the actuarial liabilities.

In an active system, there is often a difference between the actuarial assets and liabilities. When liabilities exceed assets, this difference has to be made up of future contributions and investment returns. An actuarial valuation method sets out a schedule of future contributions that will deal with this difference in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. For this valuation, the individual entry age actuarial cost method has been used. Under this method — or essentially any actuarial cost method — the contributions required to meet the system's needs are allocated each year between two elements:

- A normal cost amount, which ideally is relatively stable as a percentage of salary over the years; and
- The excess of the contribution rate over the normal cost; this excess is used to amortize what is called the unfunded actuarial accrued liability.

The two items described above — the normal cost and unfunded actuarial accrued liability — are the keys to understanding the actuarial cost method.

Normal Cost

The normal cost is the theoretical contribution rate that will meet the ongoing costs of a group of average employees. Suppose that a group of employees was covered under a separate fund from which all benefits and to which all contributions and associated investment returns were paid. Under the individual entry age actuarial cost method, the normal cost contribution rate is that level percentage of pay that would be exactly right to maintain this fund on a stable basis. If experience were to follow the actuarial assumptions precisely, the fund would be completely liquidated when the last payment to the last survivor of the group has been made.

Since this Plan has no remaining active members, the normal cost is zero (as shown in Table 10).

Unfunded Actuarial Accrued Liability

The term "fully funded" is often applied to a system in which contributions for everyone at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. Many systems are not fully funded, either because of past benefit improvements that have not been completely paid for or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. Alternatively, when the value of the assets exceeds the actuarial accrued liability, the excess is referred to as the Funding Reserve.

Table 9 shows how the UAAL or Funding Reserve was derived for the Fund. Line A shows the total actuarial liability for all future benefits. The portion of the future liability expected to be paid from future normal cost contributions is shown on Line B. The difference between lines A and B is the Fund's actuarial accrued liability as of the actuarial valuation date.

The UAAL, at any date after the establishment of a system is affected by any actuarial gains or losses arising when the actual experience of the system varies from the experience anticipated by the actuarial assumptions used in the valuations. To the extent actual experience, as it develops, differs from that expected according to the assumptions used, so also will the emerging costs differ from the estimated costs disclosed in this report.

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Funding Adequacy

A key consideration in determining the adequacy of the funding of a system is how the UAAL is being serviced. If the UAAL amount is positive, that is the actuarial accrued liability to be funded is greater than the assets, then the UAAL is amortized. Idaho law calls for the UAAL to be liquidated in no more than 50 years.

There has been no UAAL for FRF since the July 1, 2014, valuation.

Contribution Rates

Historically the fund has been funded by active members, the state, and employers. The respective rates are determined as follows:

Active Members: The FRF member contribution rates are set by law.

State: One-half of all the proceeds from the FIPT throughout the state are automatically assigned to FRF. The remainder of the tax is available as needed to match the excess employer contribution rate.

Employers: For firefighters hired before October 1, 1980 (i.e., active members of FRF), the statutory employer contribution rate, as a percent of salary, is set equal to the sum of the current PERSI employer rate plus 1.00% above the current employer rates for Social Security and Medicare which is currently 7.65%, the sum of the 6.20% Social Security payroll tax and the 1.45% Medicare tax. In addition, employers share with the state the remaining cost of financing FRF benefits through an additional excess employer contribution rate. The excess employer contribution rate is set by the Board and is charged on the payroll of all firefighters, including those hired after FRF was closed on September 30, 1980 (a.k.a. PERSI Class D members).

Since there are no longer any active members in FRF, the only remaining sources of contributions are the FIPT and the employer contributions for Class D members. Table 11 summarizes the contributions from each of these sources received in Fiscal Year 2026 as well as any scheduled changes in these contribution rates (if any).

Table 12 shows the actuarially determined contribution rate for FRF. Since there is no normal cost and no positive UAAL, the actuarially determined contribution rate is 0%.

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Table 9
Unfunded Actuarial Accrued Liability

(All amounts in millions)

		Valuation Date:	July 1, 2026	July 1, 2025
A.	Actuarial Present Value of all Future Benefits	$	240.0	$ 230.5
B.	Actuarial Present Value of Total Future Normal Costs		-	-
C.	Actuarial Accrued Liability [A - B]	$	240.0	$ 230.5
D.	Actuarial Value of Assets Available for Benefits		539.9	507.4
E.	UAAL (Funding Reserve) [C - D]	$	(299.9)	$ (276.9)
F.	Amortization Period		NA	NA
G.	Funded Ratio [D / C]		225.0%	220.1%

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Table 10
Normal Cost Rates
July 1, 2026

	Firefighters
Service Retirement Including Reduced Early Retirement	0.00%
Deferred Vested Retirement	0.00%
Disability Retirement	0.00%
Death	0.00%
Refunds of Member Contributions	0.00%
Total	0.00%
Less Member Contributions	0.00%
Employer Normal Cost Rate	0.00%

Analysis of Member Contributions

Member Contributions	0.00%
Less Expected Refunds	0.00%
	0.00%

Notes:

1. Total Normal Cost Rates are based on the Individual Entry Age Normal Cost Method.
2. No contributing members remain in this plan, therefore there is no normal cost.

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Table 11
Current Contributions

	Fiscal Year 2026 Contributions		No Scheduled Changes
	$ Millions	Percent of Class D Payroll	
A. Employer Contributions for Class D Members	$0.0	0.00%	
B. State Fire Insurance Premium Tax (FIPT)			
B1. 50% Automatically Allocated to FRF	5.4	5.14%	
B2. Matching Contributions [lesser of A and B1]	0.0	0.00%	
C. Total Contributions	$5.4	5.14%	

Notes:

1. Class D members of PERSI are firefighters of employers who participated in FRF but were hired after FRF closed in 1980. The Board, at their discretion, can impose an employer contribution rate on employers of these members to fund FRF.
2. Per the Board decision in 2019, there are no contribution being charged of employers of Class D members since July 1, 2020.
3. FRF members (Class A and B PERSI members) were charged member contributions, and employers of these members paid a higher employer contribution rate than described above for Class D members. However, there are no remaining contributing FRF members.
4. 50% of the premiums collected from the FIPT are automatically contributed to FRF. The remaining 50% is available to be contributed to FRF as a 100% match on any employer contributions made to FRF.
5. The FIPT is not determined as a percent of Class D payroll. It is only expressed as such in the above table for comparative purposes.

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Table 12
Actuarial Determined Contribution Rate

	Valuation Date	July 1, 2026		July 1, 2025
	Funding Basis	Actual Contribution Rates	Actuarially Determined Contribution Rate for FY2027[1]	Actual Contribution Rates
A.	Employer Contribution Rate[2]	0.00%	0.00%	0.00%
B.	Member Contribution Rate[2]	0.00%	0.00%	0.00%
C.	State Contributions (FIPT)[3]	5.14%	0.00%	4.55%
D.	**Total Contribution Rate [A + B + C]**	**5.14%**	**0.00%**	**4.55%**
E.	Total Normal Cost Rate	0.00%	0.00%	0.00%
F.	Amount Available to Amortize Liability [D - E]	5.14%	0.00%	4.55%
G.	Dollar Amount of UAAL in Millions (if Negative, Funding Reserve)	($299.9)	($299.9)	($276.9)
H.	Amortization Period	NA	NA	NA

1. The Board's policy was to amortize the liabilities over the period ending June 30, 2018 (40 years from when this policy was set in 1978). The current statutory maximum amortization period is 50 years.

2. This is the rate for Class D members. See Table 11 for more explanation.

3. FIPT are not determined as a percentage of Class D Member pay, but are shown as such here for comparative purposes.

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6. Supplemental Information

Cash Flow Projections

Table 13 summarizes the historical cash flows for the Fund and the projected cash flows for the next 10 years. The cash flow is projected to be negative in each of the next ten years.

The projected cash flows include the Fund's contributions and benefits. They are based on the actuarial assumptions as stated in Appendix A and the contribution rate schedule as stated in Table 11. Any changes in the contribution schedule will change net cash flow.

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Table 13
Cash Flow History and Projections

(All dollar amounts in millions)

Historical Cash Flows

Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2017	$ 7.5	$ 19.3	$ (11.8)
2018	7.7	18.9	(11.2)
2019	8.3	18.9	(10.6)
2020	8.7	19.1	(10.4)
2021	2.5	18.8	(16.3)
2022	2.9	19.0	(16.1)
2023	3.3	19.4	(16.1)
2024	3.9	19.5	(15.6)
2025	4.5	19.6	(15.1)
2026	5.4	21.1	(15.7)

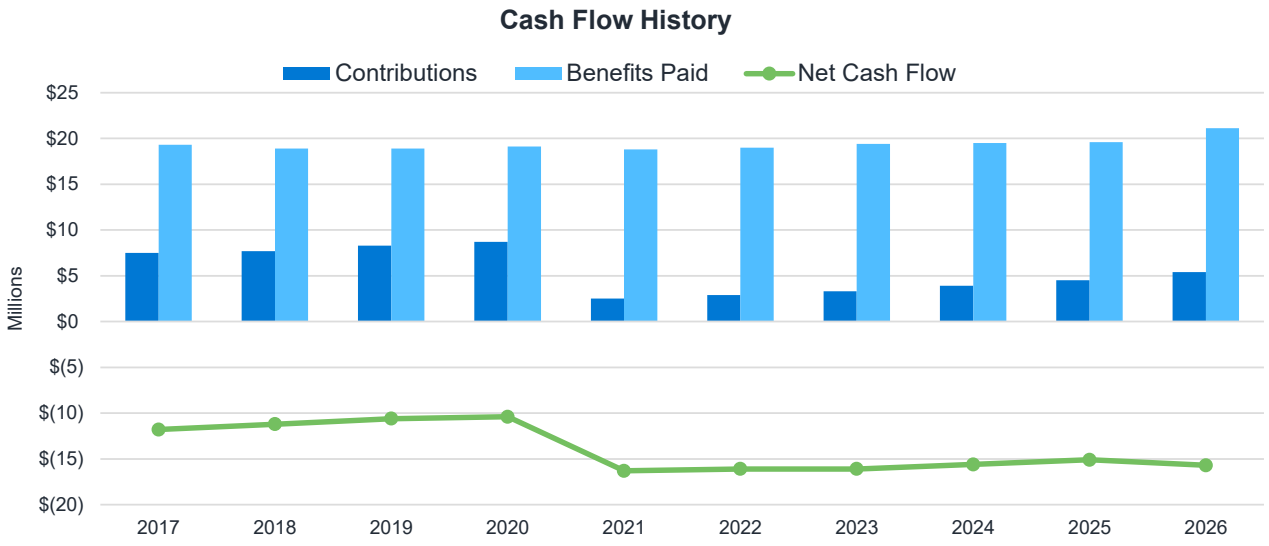
Projected Cash Flows

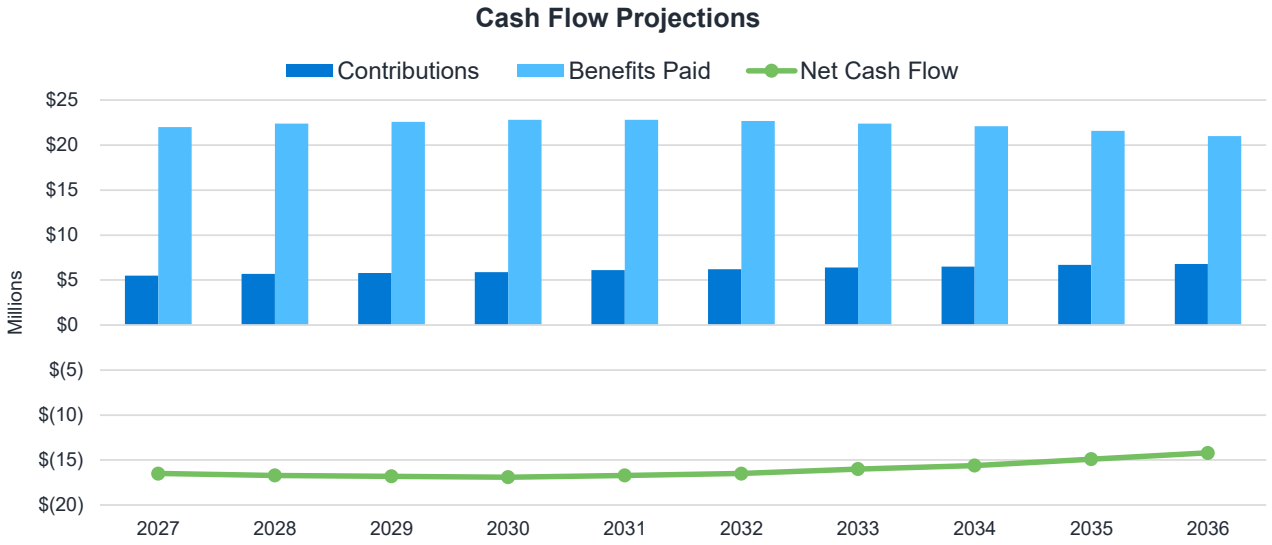
Year Ending June 30	Contributions	Benefits Paid	Net Cash Flow
2027	$ 5.5	$ 22.0	$ (16.5)
2028	5.7	22.4	(16.7)
2029	5.8	22.6	(16.8)
2030	5.9	22.8	(16.9)
2031	6.1	22.8	(16.7)
2032	6.2	22.7	(16.5)
2033	6.4	22.4	(16.0)
2034	6.5	22.1	(15.6)
2035	6.7	21.6	(14.9)
2036	6.8	21.0	(14.2)

Notes:

1. This table only shows cash flows for the Firefighter's Retirement Fund.
2. Projected contributions are based on the currently scheduled contribution rates.
3. A negative cash flow means a portion of the Fund's investment income will need to be used to cover expected benefit payments. This could impact the Fund's future asset allocations and asset liquidity needs.

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Notes:

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7. Risk Disclosure

The purpose of this section is to identify, assess, and provide illustrations of risks that are significant to the Plan, and in some cases, to the Plan's members.

In addition, as plans mature, they accumulate larger pools of assets and liabilities. This increases the potential risk to plan funding and the finances of those who are responsible for plan funding. However, since FRF's potential funding comes from employer contributions on Class D PERSI members (an open group whose payroll is growing each year), while the plan benefits only cover a closed group of Firefighters, funding of FRF becomes less risky over time. The Asset Volatility Ratio, discussed later in this section, shows that the Fund's assets are now smaller compared to the covered payroll than in the past. A 10% investment loss on assets today costs only about 76% as much, when measured as a percent of payroll, as a 10% investment loss would have cost in 2000. Since the Plan makes long-term promises and relies on long-term funding, it is important to consider how mature the Plan is today, and how mature it may become in the future.

The results of any actuarial valuation are based on one set of assumptions. Although we believe the current assumptions for the Fund provide a reasonable estimate of future expectations, it is almost certain that future experience will differ from the assumptions to some extent. It is therefore important to consider the potential impacts of these potential differences between assumptions and experience when making decisions that may affect the future financial health of the Plan, or of the Plan's participants.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

This Section uses the framework of ASOP 51 to communicate important information about significant risks to the Fund, the Fund's maturity, and relevant historical Plan data.

Identification of Risks

There are a number of factors that affect future valuation results. To the extent actual experience for these factors varies from the assumptions, this will likely cause either increases or decreases in the Plan's future funding level and calculated contribution rates. Examples of factors that can have a significant impact on valuation results are:

- Investment return as this will impact the level of assets available to pay benefits.
- Mortality as this will impact how long retirees receive benefits.
- Firefighter payroll variation as this will impact the Cost of Living Adjustments (COLAs) received by FRF members.

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Investment Return

Of the factors listed above, we believe the factor with the greatest potential risk is future investment returns. For example, in the fiscal year ending June 30, 2022, the Plan had an asset return of -9.55%. This caused the Plan to experience an actuarial loss of $79.7 million (on a market value basis).

The plan's target allocation represents a balance of risk and return. Investing in lower-returning asset classes should reduce future investment returns and therefore increase future contribution rates, but the lower risk levels might result in lower year-over-year volatility in contribution rates. Conversely, investing in higher-returning asset classes should increase future investment returns and therefore reduce future contribution rates, but might also increase the volatility of those contribution rates.

If the plan were invested in a low-default-risk portfolio (e.g.,100% in the Bond Buyer GO 20-Bond Municipal Index), it would impact the investment earnings assumption and therefore the actuarial accrued liability, funded ratio, and ultimately the contribution rates; the volatility of the contribution rates would also change based on the risk level of the portfolio:

July 1, 2026	Bond Buyer Index[1]	Plan's Current Assumption
Investment Earnings Assumption[2]	4.58%[3]	6.50%
Actuarial Accrued Liability	$277.9 million[4]	$240.0 million

[1] This would be considered a "low-default-risk obligation measure (LDROM)" using the language of ASOP No. 4.

[2] Net of all expenses including 0.05% of assumed administrative expenses.

[3] July 1, 2026, rate of 4.63% net of the 0.05% administrative expense assumption.

[4] Calculated using the same actuarial assumptions and methods that were used for this valuation, except for the interest rate.

The Bond Buyer Index example helps the reader understand the cost of investing in an all-bond portfolio and significantly lowering expected long-term investment returns. The plan's current assumption reflects the actual investment portfolio. Benefit security for members of the plan relies on a combination of the assets in the plan, the investment returns generated on those assets, and the promise of future contributions from the plan sponsors.

Since the assets of the Fund are not invested in an all-bond portfolio, the Bond Buyer Index example does not indicate the funding status or progress, nor provide information on necessary Plan contributions or the security of participant benefits. The difference between the Plan's current assumption and the Bond Buyer Index example can be thought of as representing the expected taxpayer savings from investing in the Plan's diversified portfolio compared to investing only in high quality bonds.

Demographic Experience

While investment returns have historically caused the greatest deviation from expected experience, there are many other assumptions made in an actuarial valuation. For these assumptions, differences between actual and assumed experience will also result in actuarial gains and losses. Table 2, in Section 1 of this report, provides a look at the impact in recent years of actual experience deviating from assumed.

Asset Volatility Ratios and Liability Volatility Ratios

The magnitude of any contribution rate increase or decrease is affected by a plan's maturity level. As plans mature, they accumulate larger pools of assets. Gains and losses on these larger pools of assets create more volatility in the contributions needed to fund the plan.

One indicator of this potential volatility is the Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll. As assets grow compared to payroll, any percentage gain or loss on those assets will be larger compared to payroll. This causes any resulting changes in required contributions from those gains or losses to also be larger when measured as a percent of payroll. Therefore, plans with a high AVR will be subject

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to a greater level of volatility in required contributions. The AVR is a current measure since it is based on the current level of assets and will vary from year to year. The current AVR for the Idaho Firefighters' Retirement Fund is 5.4, compared to the AVR in 2000 of 7.1.

Another measure of a system's maturity is the Liability Volatility Ratio (LVR), which is equal to the AAL divided by the total payroll. This ratio provides an indication of the potential contribution volatility due to liability experience (gains and losses) and liability re-measurements (assumption changes). For the Idaho Firefighters' Retirement Fund, the current LVR is 2.3.

Historical and Projected Cash Flows

One way to assess future risks is to look at historical measurements. Table 13, in Section 6 of this report, summarizes the Fund's historical cash flows for the last ten years and the projected cash flows for the next ten years. Additional historical information can be found in Appendix C.

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Appendices



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Appendix A Actuarial Procedures and Assumptions

The actuarial procedures and assumptions used in this valuation are described in this section. The economic, mortality, and demographic assumptions were changed as of July 1, 2025, based on our 2025 PERSI Experience Study.

The mortality assumptions are based on the Pub 2010 Mortality Tables with generational mortality improvement adjustments, as described in this section.

The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of the Fund and of the Fund itself in areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience than expected from these assumptions will result in corresponding changes in the estimated costs of the Fund's benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed.

Actuarial Cost Method

The actuarial valuation is prepared using the individual entry age actuarial cost method. In August 2013, the Board adopted this new cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets and (b) the actuarial present value of future normal costs is called the unfunded actuarial accrued liability (UAAL). The UAAL, if positive, is amortized as a level percentage of the projected salaries of present and future members of the System during various amortization periods. In effect, this means that UAAL amortization payments are assumed to grow at the same rate as the General Wage increase assumption (currently 3.15%).

The normal cost rates used in this valuation were calculated based on all current active members as of July 1, 2026. The normal cost and projected salaries for fiscal year 2027 for all active members were calculated. The ratio of the two is the aggregate normal cost rate. Since this Plan has no remaining active members, the normal cost rate is 0% (as shown in Table 10).

Records and Data

The data used in this valuation consist of financial information and the age, service, and income records for contributing and former contributing members and their survivors. All of the data were supplied by the System and are accepted for valuation purposes without audit but were reviewed for reasonableness.

Growth in Membership

The Firefighters' Retirement Fund is a closed group. No new members are permitted. The total number of firefighters in PERSI (including those hired October 1, 1980, and later) is assumed to remain unchanged from year to year.

Contributions

The only remaining source of funding for the plan is one half of the FIPT proceeds. FIPT proceeds are assumed to grow at the inflation assumption (currently 2.40%).

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Valuation of Assets

For the valuation, actuarial assets are valued based on the three-year smoothing method adopted by the Board in 2014.

Investment Earnings and Expenses

The future investment earnings of the assets of the Fund are assumed to accrue at an annual rate (net of investment expenses) of 6.55%, compounded annually. Investment earnings of 0.05% are assumed sufficient to cover the general administrative expenses of the Fund giving an investment earning assumption (net of all expenses) of 6.50%. These rates were adopted July 1, 2025.

Postretirement Benefit Increases

FRF benefits increase at the same rate as the average paid firefighter's salary in Idaho (assumed to be 3.15% per year). PERSI benefits, for purposes of this valuation, are assumed to increase 1.00% per year based on the automatic Postretirement Allowance Adjustment assumption used for the PERSI actuarial valuation. The assumed FRF benefit increase rate was adopted July 1, 2025; the assumed PERSI benefit increase rate was adopted July 1, 2013.

Future Salaries

Starting with the July 1, 2021, valuation, there are no longer any actively employed members of FRF, so this assumption is no longer applicable.

Retirement

Starting with the July 1, 2021, valuation, there are no longer any actively employed members of FRF, so this assumption is no longer applicable.

Disability

Starting with the July 1, 2021, valuation, there are no longer any actively employed members of FRF, so this assumption is no longer applicable.

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Mortality

Several different sets of mortality rates are used in the valuation for members retired from service and beneficiaries. These rates were adopted July 1, 2025.

Group	Base Mortality Tables + Adjustments
Fire Male Annuitant	Pub-2010, amount-weighted, safety, male, annuitant table increased 21%
Fire Female Annuitant	Pub-2010, amount-weighted, safety, female, annuitant table increased 26%
Male Beneficiaries	Pub-2010, amount-weighted, general, male, annuitant table increased 11%
Female Beneficiaries	Pub-2010, amount-weighted, general, female, annuitant table increased 21%
Disabled Male	Pub-2010, amount-weighted, general, male, disabled table increased 38%
Disabled Female	Pub-2010, amount-weighted, general, female, disabled table increased 36%

All mortality tables are adjusted with generational projection scales. The projection scales are calculated at each age as the 60-year geometric average of the mortality improvement rates reported by the Social Security Administration from 1959 through 2019 (blended 50% female, 50% male).

Other Employment Terminations

Starting with the July 1, 2021, valuation, there are no longer any actively employed members of FRF, so this assumption is no longer applicable.

Probability of Marriage

It is assumed that there is an 85% probability that the member has an eligible spouse as of the valuation date.

Spouse Age Difference

The spouse is assumed to be two years younger than the male members and two years older than the female members.

Portion of Future Beneficiary Benefits Paid by PERSI

It is assumed that when members die, if they have an eligible surviving spouse, that spouse will receive $0 in beneficiary benefits from PERSI. Thus, the entire cost of the beneficiary benefit is included in the FRF liability.

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Table A-1
Summary of Valuation Assumptions

July 1, 2026

I.	Economic Assumptions	
	A. General wage increases	3.15%
	B. Investment earnings (net of expenses)	6.50
	C. Growth in membership	0.00
	D. Postretirement benefit increases	
	FRF Benefits	3.15
	PERSI Benefits	1.00
	E. Inflation	2.40
II.	Demographic Assumptions	
	A. Salary increases	NA
	B. Retirement	NA
	C. Disability	NA
	D. Mortality among members and beneficiaries	

Group	Base Mortality Tables + Adjustments
Fire Male Annuitant	Pub-2010, amount-weighted, safety, male, annuitant table increased 21%
Fire Female Annuitant	Pub-2010, amount-weighted, safety, female, annuitant table increased 26%
Male Beneficiaries	Pub-2010, amount-weighted, general, male, annuitant table increased 11%
Female Beneficiaries	Pub-2010, amount-weighted, general, female, annuitant table increased 21%
Disabled Male	Pub-2010, amount-weighted, general, male, disabled table increased 38%
Disabled Female	Pub-2010, amount-weighted, general, female, disabled table increased 36%

All mortality tables are adjusted with generational projection scales. The projection scales are calculated at each age as the 60-year geometric average of the mortality improvement rates reported by the Social Security Administration from 1959 through 2019 (blended 50% female, 50% male).

	E. Other terminations of employment	NA

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Appendix B Provisions of Governing Law

All actuarial calculations are based on our understanding of the statutes governing the Idaho Firefighters' Retirement Fund (FRF) and provisions that apply to firefighters of the Public Employee Retirement System of Idaho (PERSI), as contained in Sections 72-1401 through 72-1472, inclusive, for FRF, of the Idaho Code, and Sections 59-1301 through 59-1399, inclusive, for PERSI, of the Idaho Code, with amendments effective through July 1, 2026. This law's benefit and contribution provisions are summarized below, along with corresponding references to the Idaho Code. This summary does not attempt to cover all the detailed provisions of the law. Only those benefits in effect through July 1, 2026, are considered in this valuation.

Each firefighter hired before October 1, 1980, is entitled to receive a benefit based on the FRF provisions, considering all of their services as a firefighter. Firefighters hired October 1, 1980, and later (Class D members) are not entitled to FRF benefits.

In 1990, the law was changed to provide benefits to all members of FRF equally. Prior to the change, members hired after July 1, 1978, and before October 1, 1980, (Class C members) received a lower level of benefits. Class A members are members hired prior to July 1, 1976, who chose Option 1, where contributions are calculated on the basis of statewide average paid firefighter's salary. Benefits are based on the statewide average salary in effect at the date of retirement. Class B members are all Option 2 members hired prior to July 1, 1978, where contributions are calculated on the basis of the individual's annual average salary, but benefits are based on actual pay.

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	Public Employee Retirement System	Firefighters' Retirement Fund
Service Retirement Allowance		
Eligibility	Age 60 with five years of service, including six months of membership service.	20 years of service.[1]
Amount of Annual Allowance	2.30% of the highest 3.5-year average salary for each year of credited service.	40% of final five-year average salary[2] plus 5.00% of average salary for each year of service in excess of 20 years.
Maximum Benefit	100% highest three-year average salary.	65% of final five-year average salary.[2]
Minimum Benefit	For retirement during or prior to 1974, $72 annual allowance for each year of service, increasing in subsequent years at the rate of cost-of-living increases in retirement allowances.	None.
Normal Form	Payable for member's lifetime.	Payable for firefighter's lifetime, with 100% of benefit continued to eligible surviving spouse or children.
Optional Form	Actuarial equivalent of the normal form under the options available according to the mortality and interest basis adopted by the Board.	None.

1. Completed years of service. No partial years of service are recognized.

2. For firefighters employed prior to July 1, 1976, who chose Option 1, benefits are based on the statewide average salary in effect at the date of retirement. For firefighters employed prior to July 1, 1976, who chose Option 2, benefits are based on actual pay.

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	Public Employee Retirement System	Firefighters' Retirement Fund
Non-Duty Disability Retirement Allowance		
Eligibility	Five years of membership service.	Five years of service.(1)
Amount of Annual Allowance	Projected service retirement allowance based on accrued service plus service projected to age 60 (projected service is limited to excess of 30 years over accrued service), less any amount payable under workers' compensation law.	2.00% of final five-year average salary(2) times years of service(1), or same as service retirement benefit if eligible.
Normal Form	Temporary annuity to age 60 plus any death benefit. Service retirement allowance becomes payable in the same amount at age 60.	Payable for firefighter's lifetime, with 100% of benefit continued to eligible surviving spouse or children.
Duty Disability Retirement Allowance		
Eligibility	If hired after July 1, 1993, no service requirement. Otherwise same as non-duty disability retirement.	No age or service requirements.
Amount of Annual Allowance	Same as non-duty disability retirement for those disabled prior to July 1, 2021.	65% of final five-year average salary.
Normal Form	Same as non-duty disability retirement for those disabled prior to July 1, 2021.	Same as non-duty disability retirement.
Special Disability Benefit		
Eligibility	Firefighters hired on or after October 1, 1980, and prior to July 1, 1993, with less than 10 years of service.	None.
Benefit	Same as FRF disability benefit.	None.

1. Completed years of service. No partial years of service are recognized.

2. For firefighters employed prior to July 1, 1976, who chose Option 1, benefits are based on the statewide average salary in effect at the date of retirement. For firefighters employed prior to July 1, 1976, who chose Option 2, benefits are based on actual pay.

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	Public Employee Retirement System	Firefighters' Retirement Fund
Death Benefits Before Retirement		
Eligibility	Five years of service for surviving spouse's benefit.	Non-duty death: Five years of service[1] Duty death: No service requirement. Benefits are payable to surviving spouse or, if no eligible surviving spouse, to unmarried children under 18.
Amount of Benefit	1. Two times accumulated contributions with interest (one times, if less than five years of service), or 2. The surviving spouse of a member with five years of service who dies while: i. contributing; ii. noncontributing, but eligible for benefits; or iii. retired for disability receives an automatic joint and survivor option applied to the actuarial equivalent of the member's accrued service retirement allowance. Deaths in the line of duty result in increased benefits.	100% of the benefit the firefighter would have received as a duty or non-duty disability allowance, depending on cause of their death.
Death Benefits After Retirement		
Eligibility	Designated beneficiary or estate.	Surviving spouse or, if no eligible surviving spouse, unmarried children under 18.
Amount of Benefit	Under the normal form of the retirement allowance, the excess, if any, of the member's accumulated contributions with interest at retirement over all payments received. Otherwise payable according to the option elected.	100% of firefighter's retirement allowance.
Early Retirement Allowance		
Eligibility	Age 50 with five years of service including, six months of membership service (contributing members only).	None.
Amount of Allowance	Full accrued service retirement allowance if age plus service equals 80; otherwise, the accrued service retirement allowance reduced by 3.00% for each of the first five years by which the early retirement date precedes the date the member would be eligible to receive their full accrued benefit, and by 5.75% for each additional year.	None.

1. Completed years of service. No partial years of service are recognized.

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	Public Employee Retirement System	Firefighters' Retirement Fund
Vested Retirement Allowance		
Eligibility	Former contributing members with five years of membership service are entitled to receive benefits after attaining age 50.	Firefighters who terminate after five years of service[1] are entitled to receive benefits beginning at age 60.
Amount of Allowance	Same as early retirement allowance.	2.00% of final five-year average salary times years of service[1].
Withdrawal Benefit	Accumulated contributions with interest.	Accumulated contributions with interest.
Post-Retirement Increases		
Amount of Adjustment	Postretirement Allowance Adjustments (PAAs) are based on changes in the Consumer Price Index, subject to a maximum total increase or decrease of 6.00% in any year. If the Consumer Price Index increases by at least 1% from August to August, a 1.00% annual postretirement increase is effective the following March. An additional postretirement increase of up to 5.00% each year may be authorized by the Board. If the CPI-U increases by less than 1% or decreases, the PAA is automatically equal to the change in the CPI-U. A decrease cannot be more than 6%. Member benefits cannot decrease below the amount at the initial benefit date.	Benefits increase or decrease by the same percentage by which the average paid firefighter's salary increases or decreases. The change for the year is effective each January.

1. Completed years of service. No partial years of service are recognized.

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Appendix C Valuation Data and Comparative Schedules

This valuation is based on the membership of the Fund as of June 30, 2026. We relied on data supplied by the System. If there are material defects in the data, it is possible they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Table C-1 shows a distribution of contributing members and average salaries by option and years of service.

Tables C-2 through C-4 are distributions by age of FRF members receiving retirement allowances and beneficiaries receiving survivor allowances. Shown in the tables are the numbers of persons receiving benefits, the excess allowances, the PERSI allowances, and the total allowance received. The average total allowance is also shown.

Table C-5 shows a summary of the active members and the annuitants covered as of the various valuation dates.

Table C-6 summarizes the contribution rates determined by each annual actuarial valuation and the actual employee and employer rates.

Table C-7 presents a brief history of the financial experience of the Fund's investments and funding status.

Any review of these comparative schedules should be made in light of Table C-8, which shows the significant changes affecting the actuarial valuations.

Contributions towards funding the FRF obligations for FRF members are based on average salaries, as shown in Table C-1, plus the additional actual salary payroll of all other active firefighters hired after September 30, 1980 (Class D members). The salary data as of the valuation date were reported as:

Total Salaries for Class D Members *(Based on Prior Year's Pay)*	$ 104,838,529

See Appendix B for a detailed description of each membership class.

Retired Member's allowances and number of persons receiving benefits are summarized as follows:

		Annual Allowances		
Members Receiving	Number	FRF Excess[1]	PERSI	Total FRF
Service Retirement Allowances	229	$12,418,314	$5,987,565	$18,405,879
Disability Retirement Allowances	24	1,289,237	272,221	1,561,458
Survivor Allowances	149	8,136,640	1,791,380	9,928,020
	402	$21,844,191	$8,051,166	$29,895,357

1. Actuarial liabilities calculated and presented in this valuation report represent only the present value of FRF Excess benefits, equal to Total FRF benefits minus PERSI benefits for each member.

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Table C-1
Contributing Members of FRF

Starting with the July 1, 2021, valuation, there are no longer any actively employed members of FRF.

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Table C-2
FRF Members Receiving Service Retirement Allowances

		Annual Allowances			Average Total
Age	Number	FRF Excess	PERSI	Total FRF	Allowance
Under 50	-	$ -	$ -	$ -	$ -
50-54	-	-	-	-	-
55-59	-	-	-	-	-
60-64	-	-	-	-	-
65-69	8	393,859	303,208	697,067	87,133
70-74	43	2,076,884	1,525,428	3,602,312	83,775
75-79	82	3,864,581	2,527,415	6,391,996	77,951
80-84	58	3,655,567	1,177,092	4,832,659	83,322
85 or more	38	2,427,423	454,422	2,881,845	75,838
Total	229	$ 12,418,314	$ 5,987,565	$ 18,405,879	$ 80,375

Notes:

1. Actuarial liabilities calculated and presented in this valuation report represent only the present value of FRF Excess benefits, equal to Total FRF benefits minus PERSI benefits for each member.

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Table C-3
FRF Members Receiving Disability Retirement Allowances

Age	Number	Annual Allowances			Average Total Allowance
		FRF Excess	PERSI	Total FRF	
Under 50	-	$ -	$ -	$ -	$ -
50-54	-	-	-	-	-
55-59	-	-	-	-	-
60-64	-	-	-	-	-
65-69	-	-	-	-	-
70-74	7	300,097	87,011	387,108	55,301
75-79	7	413,711	54,578	468,289	66,898
80-84	5	271,568	35,395	306,963	61,393
85 or more	5	303,861	95,237	399,098	79,820
Total	24	$ 1,289,237	$ 272,221	$ 1,561,458	$ 65,061

Notes:

1. Actuarial liabilities calculated and presented in this valuation report represent only the present value of FRF Excess benefits, equal to Total FRF benefits minus PERSI benefits for each member.

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Table C-4
Persons Receiving FRF Survivor Allowances

Age	Number	Annual Allowances			Average Total Allowance
		FRF Excess	PERSI	Total FRF	
Under 50	-	$ -	$ -	$ -	$ -
50-54	-	-	-	-	-
55-59	-	-	-	-	-
60-64	1	56,475	9,566	66,041	66,041
65-69	14	559,839	183,436	743,275	53,091
70-74	17	809,343	363,782	1,173,125	69,007
75-79	39	1,829,112	483,548	2,312,660	59,299
80-84	34	2,071,158	471,808	2,542,966	74,793
85 or more	44	2,810,713	279,240	3,089,953	70,226
Total	149	$ 8,136,640	$ 1,791,380	$ 9,928,020	$ 66,631

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Table C-5
Membership Data

Valuation Date (July 1)	Active Members					Annuitants & Survivors			
		Average Annual Salaries[1]							
		A	B	Average	Average Years		Total Annual	Average Annual	Current
	Number	Option 1	Option 2	Age	Of Service	Number	Benefits[2]	Benefit	Average Age[3]
2000	129	$45,291	$58,354	49.3	23.3	508	$14,420,361	$28,387	62.8
2001[4]	103	48,244	57,569	50.0	24.0	526	16,607,752	31,574	62.9
2002	81	49,661	62,797	50.9	24.7	558	17,834,237	31,961	63.0
2003	57	51,494	68,132	51.8	25.8	576	19,329,902	33,559	64.8
2004	42	53,056	70,548	52.3	26.7	582	20,095,076	34,528	63.5
2005	20	55,124	80,064	52.8	27.4	599	21,699,127	36,226	63.9
2006	13	57,525	83,604	54.3	28.4	597	22,636,930	37,918	64.4
2007	10	59,188	84,094	55.8	29.6	590	22,992,269	38,970	65.1
2009[4]	5	64,492	93,332	56.4	31.3	573	24,598,935	42,930	66.5
2011	4	69,322	99,840	57.0	32.8	566	25,998,263	45,933	68.3
2013	3	72,602	-	60.0	35.4	551	26,499,035	48,093	69.5
2014[5]	2	74,350	-	61.5	36.4	545	26,856,909	49,279	70.3
2015	2	74,610	-	62.5	37.4	535	26,319,030	49,194	71.0
2016	2	75,513	-	63.5	38.4	524	26,285,792	50,164	71.8
2017	1	-	-	61.0	37.4	517	26,687,801	51,621	72.6
2018	1	-	-	62.0	38.4	507	26,650,120	52,564	73.2
2019	1	-	-	63.0	39.4	486	26,400,434	54,322	73.8
2020	1	-	-	64.0	40.4	472	26,795,398	56,770	74.5
2021	0	-	-	N/A	N/A	461	26,500,437	57,485	75.3
2022	0	-	-	N/A	N/A	448	27,334,867	61,015	76.0
2023	0	-	-	N/A	N/A	437	27,317,790	62,512	76.7
2024	0	-	-	N/A	N/A	424	27,758,210	65,467	77.5
2025	0	-	-	N/A	N/A	409	28,077,833	68,650	78.2
2026	0	-	-	N/A	N/A	402	29,895,357	74,367	78.9

1. Contributions and benefits for Option 1 members are based on the average paid firefighter's salary in Idaho. Contributions for Option 2 members are based on individual salaries for the preceding July 1 through June 30 periods. Benefits for Option 2 members are based on individual salaries. The table shows the respective average salaries during the July 1 through June 30 year preceding the valuation date. Some salaries not shown due to confidentiality.

2. Combined annual benefits from FRF and PERSI. The FRF benefits comprised $21,844,191 of the 2026 total.

3. Excludes survivors and disabled members.

4. Beginning in 1988, actuarial valuations were performed biennially. Beginning in 2001, actuarial valuations were performed annually. Beginning in 2009, actuarial valuations were performed biennially.

5. Beginning in 2014, actuarial valuations are performed annually.

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Table C-6
Contribution Rates as Percent of Pay

	State Contributions	Employer Contributions				Total Employer Contributions For Members	
Year[1]	Fire Insurance Premium Tax[2]	PERSI Rate	Statutory FRF Rate	Additional Rate	Social Security + Medicare	Hired Before 10/1/80[3]	Hired After 9/30/80[4]
Effective Date:	July 1	October 1	January 1	October 1	January 1	October 1	October 1
1987	10.24%	8.89%	8.51%	24.20%	7.51%	41.60%	40.60%
1988	13.45	8.89	8.51	24.20	7.51	41.60	40.60
1990	13.00	8.89	8.65	24.20	7.65	41.74	40.74
1992	11.53	9.75	8.65	23.34	7.65	41.74	40.74
1994	11.80	11.85	8.65	15.40	7.65	35.90	34.90
1996	10.88	11.85	8.65	15.40	7.65	35.90	34.90
1998	7.30	10.01	8.65	17.24	7.65	35.90	34.90
2000	7.60	10.01	8.65	17.24	7.65	35.90	34.90
2001	7.10	10.01	8.65	17.24	7.65	35.90	34.90
2002	7.60	10.01	8.65	17.24	7.65	35.90	34.90
2003	7.60	10.11	8.65	17.24	7.65	36.00	35.00
2004	6.60	10.73	8.65	17.24	7.65	36.62	35.62
2005	6.70	10.73	8.65	17.24	7.65	36.62	35.62
2006	6.60	10.73	8.65	17.24	7.65	36.62	35.62
2007	6.90	10.73	8.65	17.24	7.65	36.62	35.62
2009	5.20	10.73	8.65	17.24	7.65	36.62	35.62
2011	5.10	10.73	8.65	17.24	7.65	36.62	35.62
2013	5.30	11.66	8.65	17.24	7.65	37.55	36.55
2014	5.20	11.66	8.65	17.24	7.65	37.55	36.55
2015	5.60	11.66	8.65	5.00	7.65	25.31	24.31
2016	5.50	11.66	8.65	5.00	7.65	25.31	24.31
2017	5.20	11.66	8.65	5.00	7.65	25.31	24.31
2018	5.30	11.66	8.65	5.00	7.65	25.31	24.31
2019	5.50	12.28	8.65	5.00	7.65	25.93	24.93
2020	3.00	12.28	8.65	0.00[5]	7.65	20.93	19.93

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	State Contributions	Employer Contributions				Total Employer Contributions For Members	
Year[1]	Fire Insurance Premium Tax[2]	PERSI Rate	Statutory FRF Rate	Additional Rate	Social Security + Medicare	Hired Before 10/1/80[3]	Hired After 9/30/80[4]
2021	2.97%	12.28%	8.65%	0.00%	7.65%	20.93%	19.93%
2022	3.68	12.28	8.65	0.00	7.65	20.93	19.93
2023	3.96	13.26	8.65	0.00	7.65	21.91	20.91
2024	4.20	14.65	8.65	0.00	7.65	23.30	22.30
2025	4.55	13.98	8.65	0.00	7.65	22.63	21.63
2026	5.14	13.98	8.65	0.00	7.65	22.63	21.63

Notes:

1. Rates become effective on dates shown in given year. Biennial valuations were performed 1988-2000 and again from 2009-2013.

2. For years up to 1996, rate based on previous 12 months of income from tax proceeds, expressed as a percentage of salaries on the valuation date. After 1996, instead the rate expressed as a percentage of the value of future fire insurance premium taxes over the value of future covered compensation.

3. PERSI rate plus Statutory FRF rate plus additional rate.

4. PERSI rate plus additional rate plus Social Security and Medicare (note that the 7.65% Social Security + Medicare tax is paid to the federal government for these members, not contributed to FRF).

5. The Employer additional rate changed to 0.0% effective July 1, 2020.

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Table C-7
Investments and Funding Status

(Dollar Amounts in Millions)

Valuation Date[1]	Investment Yield[2] During Previous Year	Total Investments Held in FRF Account on Valuation Date: Market	Total Investments Held in FRF Account on Valuation Date: Valuation Basis	Actuarial Accrued Liability	Funding Ratio	Amortization Period
1998	17.19%	$179.0	$179.0	$287.7	62.2%	18.8 years
2000	12.76	217.8	217.8	295.8	73.6	11.0
2001	(6.40)	200.4	200.4	317.8	63.1	16.9
2002	(7.36)	181.5	181.5	301.1	60.3	16.0
2003	3.32	182.7	182.7	311.1	58.7	16.3
2004	17.63	210.4	210.4	303.0	69.4	10.9
2005	10.34	227.2	227.2	309.2	73.5	9.0
2006	11.79	248.8	248.8	312.3	79.7	6.5
2007	19.54	291.5	291.5	314.8	92.6	2.3
2009	(16.35)	225.3	225.3	325.3	69.3	8.6
2011	20.25	290.4	290.4	311.5	93.2	1.6
2013	8.69	307.0	307.0	321.5	95.5	1.0
2014	16.77	352.2	352.2	315.6	111.6	-
2015	2.70	352.8	360.4	301.9	119.4	-
2016	1.48	345.6	363.4	294.7	123.3	-
2017	12.31	375.2	369.8	292.2	126.6	-
2018	8.47	395.0	385.7	283.2	136.2	-
2019	8.20	416.3	411.5	273.9	150.2	-
2020	2.70	416.9	427.2	269.3	158.6	-
2021	27.20	511.9	460.8	242.7	189.9	-
2022	(9.55)	447.6	472.4	243.3	194.2	-
2023	9.09	471.4	489.9	236.0	207.6	-
2024	6.41	485.5	481.1	234.7	205.0	-
2025	10.71	521.6	507.4	230.5	220.1	-
2026	10.98	562.2	539.9	240.0	225.0	-

Notes:

1. July 1. Biennial valuations from 1988 to 2000 and again from 2009-2013.

2. Based on total PERSI fund assets on the valuation basis, net of investment expenses (but not administrative expenses), prior to 2016. Based on FRF assets on a market value basis, net of investment expenses (but not administrative expenses), starting in 2016.

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Table C-8
Changes Affecting Actuarial Valuations

Valuation Date[1]	Change
1983	Elimination by court order of the 3.00% limitation on postretirement adjustments for benefits granted on or after July 1, 1978, to members hired before July 1, 1978.
1985	Major change in actuarial assumptions.
1988	Major change in actuarial assumptions.
1990	All members hired after June 30, 1978 (Class C members) receive the same FRF benefits as members hired before July 1, 1978 (Class A & B members).
1992	Major change in actuarial assumptions. PERSI benefits were improved effective October 1, 1992.
1994	Minor change in actuarial assumptions. PERSI benefits were improved effective October 1, 1993, and effective October 1, 1994. Correction in data submitted for valuation compared with prior year's data.
1996	Major changes in actuarial assumptions.
1998	Minor changes in actuarial assumptions. PERSI contribution rates were decreased for the 24-month period ending October 31, 1999. Correction in data reported for valuation purposes.
2000	The PERSI contribution rate reduction was made permanent. PERSI benefits were improved effective July 1, 2000. Minor changes in actuarial assumptions. Actuarial methods were changed to reflect actual administrative procedures, including truncating service to complete years and basing Option 2 benefits on paid salary instead of individual average salary.
2002	Major changes in actuarial assumptions.
2004	Major changes in actuarial assumptions. The tax rates for future Fire Insurance Premium Taxes were changed to gradually reduce, reaching 1.50% in 2010.
2006	Major changes in actuarial assumptions.
2011	Minor changes in actuarial assumptions. General wage increase assumption changed from 4.50% to 4.00%. Post-retirement benefit increase assumptions changed to 4.00% and 3.50% for FRF benefits and PERSI benefits, respectively.
2013	Minor change in actuarial assumptions. Investment earnings (including 0.50% for expenses) assumption was reduced from 7.75% to 7.50%. Post-retirement benefit increase assumption changed from 3.50% to 1.00% for PERSI benefits.
2014	Change in contribution rates. Effective January 1, 2015, the additional employer contribution rate will change from 17.24% to 5.0%.

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2015	Effective September 18, 2014, FRF funding policy was altered to implement three-year smoothing to calculate the actuarial value of assets. This change will be implemented prospectively: The July 1, 2015 valuation uses a two-year smoothing and all subsequent valuations will use a three-year smoothing.
2016	The July 1, 2016 valuation uses a three-year asset smoothing. Minor changes in actuarial assumptions: active employees are assumed to retire immediately at valuation date.
2018	FIPT is assumed to increase at 3.00% per year, reduced from an assumed rate of 3.25%.
2020	Change in contribution rates. Effective July 1, 2020, the additional employer contribution rate will change from 5.0% to 0.0%.
2021	Major changes in actuarial assumptions due to the PERSI experience study. Including updated mortality assumptions, decrease in discount rate from 7.00% to 6.30%, and a decrease in assumed wage growth from 3.75% to 3.05%. FIPT is assumed to increase at 2.30% per year, reduced from an assumed rate of 3.00%.
2025	Changes in actuarial assumptions due to the 2025 PERSI experience study. Including updated mortality improvement assumptions, increase in discount rate from 6.30% to 6.50%, and an increase in assumed wage growth from 3.05% to 3.15%. FIPT is assumed to increase at 2.40% per year, increased from an assumed rate of 2.30%.

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Appendix D Glossary

The following definitions are largely excerpts from a list adopted in 1981 by the major actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to the Public Employee Retirement System of Idaho. Defined terms are capitalized throughout this Appendix.

Accrued Benefit

The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

Actuarial Accrued Liability

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses is not provided for by future Normal Costs.

Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as: mortality, withdrawal, disability, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

Actuarial Cost Method

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates as determined in accordance with a particular Actuarial Cost Method.

Actuarial Present Value

The value of an amount or series of amounts payable or receivable at various times determined as of a given date by the application of a particular set of Actuarial Assumptions.

Actuarial Valuation

The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension plan as used by the actuary for the purpose of an Actuarial Valuation.

Actuarially Equivalent

Of equal Actuarial Present Value determined as of a given date with each value based on the same set of Actuarial Assumptions.

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Amortization Payment

That portion of the pension plan contribution that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Entry Age Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

Funding Reserve

The excess of the Actuarial Value of Assets over the Actuarial Accrued Liability. Standard actuarial terminology defines this as the "Funding Excess."

Normal Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Projected Benefits

Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.

Unfunded Actuarial Accrued Liability

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

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PERSI
Public Employee Retirement System of Idaho

November 2, 2026

TO: Retirement Board Trustees
FROM: Mike Hampton, Director
SUBJECT: Annual Contribution Rate Review

Summary:

Under the authority granted by I.C. §59-1322 the Board shall determine the contribution rates for the fund based upon the most recent actuarial valuation.

Key Discussion:

1) The most recent action taken by the Board was to eliminate the proposed contribution rate scheduled for 7/1/2027 (+2.50%) and maintain the proposed 7/1/2028 contribution rate of +1.25%.
2) Milliman has provided a range of options for the Boards consideration and discussion that are bookended by:
    a. Option 1: Do nothing – total contribution rate increases to 22.04% on 7/1/2028, amortization period is 5.5 years and the fund can withstand a -8.6% return year during FY2027 without having to propose additional contribution rate adjustments.
    b. Option 4: Eliminate the final proposed contribution rate adjustments – total contributions stay at 20.79%, amortization period increases to 6.6 years and the fund can withstand a -4.6% return year during FY2027 without having to propose additional contribution rate adjustments.

Action:

No action is required at this time. Milliman has provided a range of scenarios for consideration. The board may a) take action at the November board meeting, b) ask for additional scenarios to consider and defer action to a subsequent board meeting, or c) choose to take no action at all and maintain the current schedule of contribution rate adjustments.

2026 PERSI Contribution Rate Study

FYE 2029+ Contribution Rate Study

Ryan Cook, FSA, EA, MAAA
Ryan Falls, FSA, EA, MAAA
Robert Schmidt, FSA, EA, MAAA

NOVEMBER 2, 2026



Milliman
Solutions for a world at risk™

Introduction

Background

- 2022 valuation showed amortization above 25 years
- Board proposed a series of contribution rate increases: 1.25%, 2.50%, and 3.75% effective July 1, 2024, 2025, and 2026, respectively
- First 1.25% increase went into effect 7/1/2024
- Second 2.5% was delayed then canceled
- Third 3.75% has been delayed and reduced to 1.25%

Today's Discussion

- Overview of remaining scheduled rate increase
- Impact of adjusting scheduled rate increase
- Considerations



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Overview of Scheduled Rate Changes

The following rate increase is currently scheduled:

1. 1.25% rate increase effective July 1, 2028

Current Contribution Rate Schedule

	Current rates	*Future rates under consideration*	
Class	**FYE 2027**	**FYE 2028**	**FYE 2029+**
Aggregate			
Employer	12.78%	12.78%	13.55%
Member	8.01%	8.01%	8.49%
Total	**20.79%**	**20.79%**	**22.04%**
General			
Employer	11.96%	11.96%	12.74%
Member	7.18%	7.18%	7.65%
Total	**19.14%**	**19.14%**	**20.39%**
Teacher			
Employer	13.48%	13.48%	14.26%
Member	8.08%	8.08%	8.55%
Total	**21.56%**	**21.56%**	**22.81%**
Safety			
Employer	13.98%	13.97%	14.70%
Member	10.36%	10.37%	10.89%
Total	**24.34%**	**24.34%**	**25.59%**

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Impact of Adjusting Scheduled Rate Increase

#	Contribution Rate Scenario	FYE 2030+ Contribution Rate	7/1/2026 Amort. Period	Min. FYE 2027 Asset Return[1]
1	Do nothing – leave 7/1/2028 1.25% increases unadjusted	22.04%	5.5 years	-8.6%
2	Delay the 1.25% increase one year to 7/1/2029	22.04%	5.7 years	-8.3%
3	Reduce the 7/1/2028 1.25% increase to 0.10%	20.89%	6.5 years	-4.9%
4	Cancel the 7/1/2028 1.25% increase	20.79%	6.6 years	-4.6%

[1]Minimum asset return needed in FYE 2027 to avoid the July 1, 2027, amortization period being above 25.0 years.
All results are based on the 7/1/2026 valuation results. The results assume no gains, losses, or benefit increases above the statutory 1% per year after July 1, 2026.

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Considerations

The 1.25% increase is not currently necessary to comply with statute.

Canceling or reducing the rate increase is a reasonable option that lowers the contribution obligation for members and employers in the short term

Keeping the rate increase in place, gives more flexibility

If there is a market downturn, the 1.25% increase may be enough to cover it without needing to introduce a new rate increase

The funding policy discussion is still ongoing, so keeping the rate increase provides flexibility as potential enhancements to the policies are considered

Deferring the rate increase by another year is also a reasonable option



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Next Steps

Follow up analysis

Would the Board like to see any additional scenarios in December?

Timing of Board action

Does the Board want to vote on this in December?

Any other questions?



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Caveats

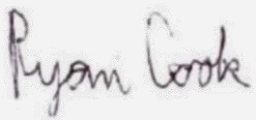
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Certification

See our July 1, 2026, actuarial valuation reports dated October 7, 2026, for a description of the data, assumptions, methods, and plan provisions used in this report. All caveats and limitations from that letter apply to this presentation.

See the Risk Disclosure sections of our July 1, 2026, actuarial valuation reports for a summary of risks relevant to these plans.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.



Ryan J. Cook, FSA, EA, MAAA
Consulting Actuary



Ryan Falls, FSA, EA, MAAA
Principal and Consulting Actuary



Robert L. Schmidt, FSA, EA, MAAA
Principal and Consulting Actuary

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Milliman

Thank you

Ryan Cook

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Ryan Falls

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Robert Schmidt

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PERSI
Public Employee Retirement System of Idaho

October 27, 2026

TO: Retirement Board Trustees
FROM: Diane Kaiser, Choice 401(k) Plan Manager
SUBJECT: Choice Plan, Plan Document Amendment

Summary:

PERSI staff recommends amending the Plan Document to allow for a different method for participants to repay plan loans.

Key Discussion:

1) Section 6.1(e) of Article VI "Loans and Withdrawals" require participant loans to be repaid via payroll deduction
    a. Currently, Empower provides a weekly loan file feed to PERSI
        i. It contains details employers need to establish repayments for new loans; it also indicates when a loan has been fully repaid and loan repayments need to be ended
        ii. The file is processed through Arrivos, which sends email notifications to affected payroll contacts
        iii. PERSI staff monitors the file to ensure appropriate notifications have been sent
    b. Employers are obliged to establish loan repayments for new loans via payroll deduction, or stop deductions for paid-off loans
        i. On occasion, the employer fails to establish required payroll deductions and payment are missed
        ii. PERSI staff manually follows up with the employer
    c. Plan participants with outstanding loans sometimes change employers but generally don't tell the new employer about the loan
        i. Payments get missed, which can result in the loan being defaulted
        ii. If PERSI staff is notified, loan repayment details are manually sent to the employer
    d. As of 6/30/2026, 882 employers were in PERSI.
        i. The ever-growing number of PERSI employers has resulted in an increasing number of loan repayment disconnects, which impacts the PERSI system as well as PERSI staff
2) Participant loans can now be repaid via ACH
    a. The participant would be solely responsible for ensuring required loan repayments are made
    b. Employers, Arrivos, and PERSI staff would no longer be in the middle
3) PERSI staff recommends moving to ACH for participant loan repayments
    a. An amendment to the Plan Document is required
    b. The change would affect new plan loans; existing loans can be repaid via payroll deduction
    c. A communication campaign would be developed

Action:

PERSI staff requests Board approval to amend the Plan Document for the PERSI 401(k) Plan. Attached are the pages of the Plan Document pertinent to this request, and the changes are tracked. The changes to Article VI "Loans to Participants" Section 6.1(e) are on Page 34.

Attachments: 13th Amendment to the PERSI 401(k) Plan Document (Cover Page, Pages 1-2, 34, and 51)

PERSI

401(k) PLAN

Effective February 1, 2001

As amended effective~~, generally,~~ January 1, 202~~6~~7 (~~twelfth~~thirteenth ~~)~~ amended plan)

INTRODUCTION

On July 1, 1971, the State of Idaho Department of Health and Welfare adopted a supplemental retirement plan known as the State of Idaho Department of Health and Welfare Supplemental Retirement Plan. On April 1, 1972, the State of Idaho Department of Lands adopted a similar supplemental retirement plan known as the State of Idaho Department of Lands' Supplemental Retirement Plan. These plans were adopted before section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code") became effective. However, since both plans provided for pre-tax contributions from their inception, they became subject to section 401(k) when that section became effective.

On October 1, 1994, the state of Idaho adopted the Idaho Super Saver 401(k) Plan (the "grandfathered plan"). At that time, most of the assets of the State of Idaho Department of Health and Welfare Supplemental Retirement Plan and the State of Idaho Department of Lands' Supplemental Retirement Plan were transferred to the grandfathered plan. Initially, the grandfathered plan was available only to employees of the Department of Health and Welfare and the Department of Lands.

On March 14, 1995, section 59-1308 of the Idaho Code was enacted into law. That legislation gave the Retirement Board of the Public Employee Retirement System of Idaho (the "Board") the authority to extend the grandfathered plan to the same group of employees as is covered under the Public Employees Retirement System of Idaho (PERSI). Subsequently, the grandfathered plan was extended to cover all employees of the State of Idaho but was not extended to cover all employees covered by PERSI, such as employees of political subdivisions and school districts.

Beginning in June 1999, PERSI sought, and in April 2000, secured a private letter ruling from the Internal Revenue Service confirming that the grandfathered plan could be extended to cover all employees eligible to participate in the PERSI plan without jeopardizing its status as a qualified cash or deferred arrangement within the meaning of Code section 401(k). Since the grandfathered plan as extended does not violate section 401(k)(4)(B) of the Code, Treasury regulations permit PERSI to adopt a separate and independent 401(k) plan that covers all employees eligible to participate in the PERSI plan, including but not limited to employees of political subdivisions and school districts. Consequently, PERSI hereby adopts this PERSI 401(k) Plan (the "Plan"), which plan is separate and distinct from the Idaho Super Saver 401(k)

Plan that will continue to operate independently until terminated and/or combined with the PERSI 401(k) Plan. The Idaho Super Saver 401(k) merged into the Plan effective October 1, 2001.

The Plan consists of the qualified cash or deferred arrangement under Code Section 401(k). The Plan is intended to be a "governmental plan" within the meaning of Code Section 414(d) and within the meaning of section 3(32) of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") and, as such, is exempt from provisions of Title I of ERISA.

~~The twelfth amended plan is adopted to make changes to the plan to add Roth deferrals and make changes to comply with the requirements of recent federal regulations, primarily the Setting Every Community Up for Retirement Enhancement Act of 2022. The twelfth amended plan is adopted generally effective January 1, 2026, except as otherwise provided in the plan.~~

The thirteenth amended plan is adopted to make a change to the repayment method for loans taken from the plan.

ARTICLE VI
LOANS AND WITHDRAWALS

6.1 Loans to Participants

A Participant may, by making an Appropriate Request, request a loan from the Trust Fund; provided, however, a Participant who is not an Employee is not eligible to request or receive a loan from the Trust Fund. The following additional rules shall apply:

(a) A Participant may only have one loan outstanding at any time.

(b) The minimum new loan amount shall be $1,000. If a Participant's Individual Account balance is insufficient to support the minimum loan amount loan, no loan shall be made.

(c) The maximum amount of any loan shall be the lesser of (1) and (2):

(1) $50,000, reduced by the highest balance of any loans from the Plan during the twelve month period ending on the day before the date the loan is made

(2) One-half of the value of the vested portion of the Participant's Individual Account on the date the loan is made.

(d) All loans shall be repayable over a period of not more than five years, except that a loan used by the Participant to acquire any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Participant shall be repayable over a period of not more than 10 years.

(e) A loan shall be secured by one-half of the value of the vested portion of the Participant's Individual Account balance; shall bear interest at a rate of one percent (1%) above the Prime Rate in effect on the first day of the calendar month in which the loan is applied for; shall be repaid ~~by payroll deduction each pay period~~ in a manner approved by the Board in accordance with a reasonable repayment schedule requiring substantially level payments of principal and interest; and shall be evidenced by a written promissory note setting forth the terms of the loan. A Participant may prepay the entire outstanding loan balance without penalty.

(f) There may be an administrative charge imposed on each new loan.

(g) Each loan shall be considered a separate investment option of the Individual Account of the Participant. Notwithstanding Section 4.1(d), when a loan is made, the amount of the loan shall be withdrawn from sub-accounts within the Participant's Individual Account among the separate Investment Options in which each sub-account is invested and transferred to a segregated loan account maintained in his name. The loan amount shall be withdrawn from the

ARTICLE XII
ADOPTION OF THE PLAN

As evidence of its adoption of this Twelfth Amended Plan, the Board of Trustees of the Public Employee Retirement System of Idaho (PERSI) has caused this instrument to be signed by its authorized officer this _____ day of _____, 2026~~5 effective generally as of January 1, 2026 and as otherwise provided herein~~.

ATTEST: PERSI

_____ By:_____

Michael Hampton

Executive Director and Secretary to the Retirement Board

12569675.v3

4912-7553-2314

Callan

November 2, 2026

Public Employee Retirement System of Idaho

PERSI Choice 401(k) Plan

Ann O'Bradovich
Senior Vice President

Greg Ungerman, CFA
Senior Vice President and Defined Contribution Practice Leader

PERSI Choice 401(k) Plan

DC workshop - 2026

Background and Review
- Fiduciary Check list (Work Plan)
- Current Investment Structure

Fiscal 2026 Performance Review
- Participant Allocations
- Investment Option Performance

Investment Fee Review

Record Keeper Fee Review

What are other Public DC Plans doing?
- Callan Survey: Government Plans Excerpts

Defined Contribution Research Team

1997 DC team formalized at Callan to serve as a dedicated, specialized resource

82 Fee studies

89 Investment structure evaluations

74 Target date suitability studies

49 Managed account / retirement income due diligence reviews

Note: Over the last 5 years ending 12/31/25

- Generates thought leadership and strategic direction for DC plans
- Manages recordkeeper searches, fee benchmarking studies, investment structure reviews, target date suitability studies, and more
- Delivers formal testimony and commentary to regulators







Greg Ungerman, CFA
Defined Contribution Practice Leader

Scotty Lee

Jamie McAllister

Jana Steele

Patrick Wisdom

Fiduciary Check List

Agenda Item	Frequency	Last Completed	Scheduled Review
Ongoing Items			
Legislative / Regulatory/Trends Updates	Quarterly	May 2026	November 2026
Investment Performance Review	Quarterly	May 2026	November 2026
Manager Diligence/ Updates	Ongoing	April 2026	April 2027
Investment Management Fee Review	Annual	August 2025	Nov 2026
Investment Policy Statement Review	1-2 Years	August 2025	Nov 2026
Fiduciary Training	1-3 Years	Ongoing	2026
Strategic Projects			
DC Trends Survey Review	Annual	August 2025	April & November 2026
Investment Structure Evaluation	~5 Years	2022	2027-2028
Default Investment Alternative Suitability	~5 Years	2021 (reviewed 2022,2024)	2027
Administrative Fee Benchmarking	~5 Years	March 2020	Nov 2026
Recordkeeper Search	~10 Years if needed	2020	2028 - 2029
Additional Projects			
Participant Communications	Ongoing		
TRF Fee Policy & Process	Annual	2025	2026

PERSI Choice 401(k) Plan

Background

The Plan is a non-ERISA plan. Fiduciary rules and laws are established through State Law (59-1301 primarily).

- The Plan is actually two plans
  - 414(k): Gain sharing
  - 401(k): Voluntary employee contributions, rollovers and employer contributions

The Plan was initially put in place to facilitate the distribution of extraordinary gains from the DB plan. The initial intent was for those receiving a gain sharing distribution to have the option to invest the gain sharing exactly as it was invested in the DB plan, thus the inclusion of the Total Return Fund (TRF) as the default option.

- The initial gain sharing amount was about $59 million. There have been no additional gain sharing events since 2001.

Current PERSI Employers: 882

- Some employers offer other DC plans to participants

Optimizing the DC Investment Structure

Callan's Philosophical Tenets

Durable

Investment structures should be built for the long term. Three-tier structures facilitate usage for a full range of participants from "do-it-for-me" to "do-it-yourselfers."

Simple

Simpler can be better. The number of choices affects participants' allocation decisions. Make sure the level of complexity is suited to the sophistication level of your participants.

Open Architecture

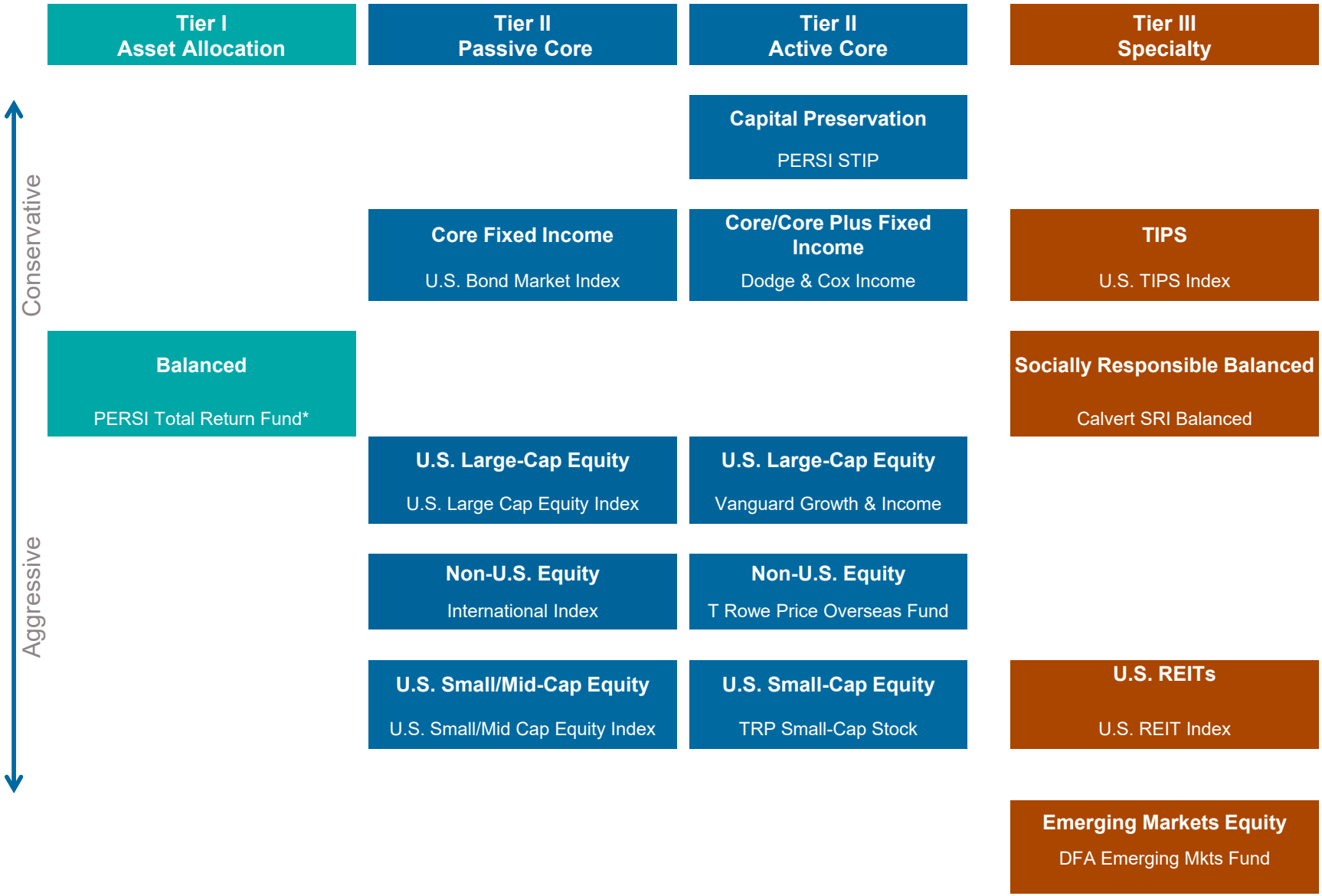
Multi-manager funds allow for better diversification, top-tier managers in every category, and efficient implementation of changes to the lineup without disrupting participants.

Low Cost

Take advantage of scale and competition to manage costs for both active and passive options. Make use of passive in constructing multi-manager options. Monitor all expenses.

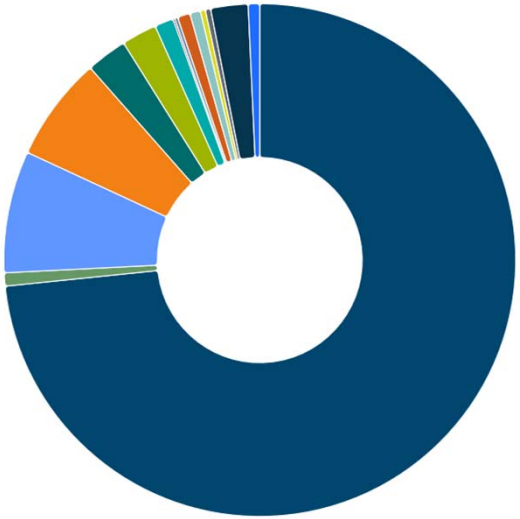
PERSI Choice 401(k) Plan

Investment Structure



* Default Investment Option

PERSI Choice 401(k) Asset Allocation as of June 30, 2026



Asset Class	Assets	Actual Weight
Total Return Fd	$1,536,985,491	73.37%
Calvert SRI Balanced[1]	$17,438,848	0.83%
MCM U.S. Large Cap Equity	$161,048,087	7.69%
Vanguard Growth & Income	$138,084,059	6.59%
MCM U.S. Small/Mid Cap Equity	$54,131,631	2.58%
T. Rowe Price Small Cap	$46,635,603	2.23%
MCM Intl Equity	$24,998,561	1.19%
T. Rowe Price Overseas Stock[2]	$2,239,803	0.11%
DFA Emerging Markets Core Equity[3]	$4,245,609	0.20%
Dodge & Cox Income Fund[4]	$16,677,619	0.80%
MCM U.S. Bond	$13,963,757	0.67%
MCM U.S. TIPS	$6,728,348	0.32%
MCM U.S. REITs	$7,028,749	0.34%
PERSI STIP	$49,321,319	2.35%
Loan Fund	$15,188,491	0.73%
Total Fund	$2,094,715,976	100.00%

1. Performance represents Calvert Balance I until 04/30/2023 and Calvert Balance R6 thereafter.
2. Funded April 2023, performance represents the T. Rowe Price Overseas Stock I Mutual Fund.
3. Funded April 2023, performance represents the DFA Emerging Markets Core Equity I Mutual Fund.
4. Performance represents Dodge & Cox Income I until 04/30/2023 and Dodge & Cox Income X thereafter.

Asset Distribution - Defined Contribution Annual as of June 30, 2026

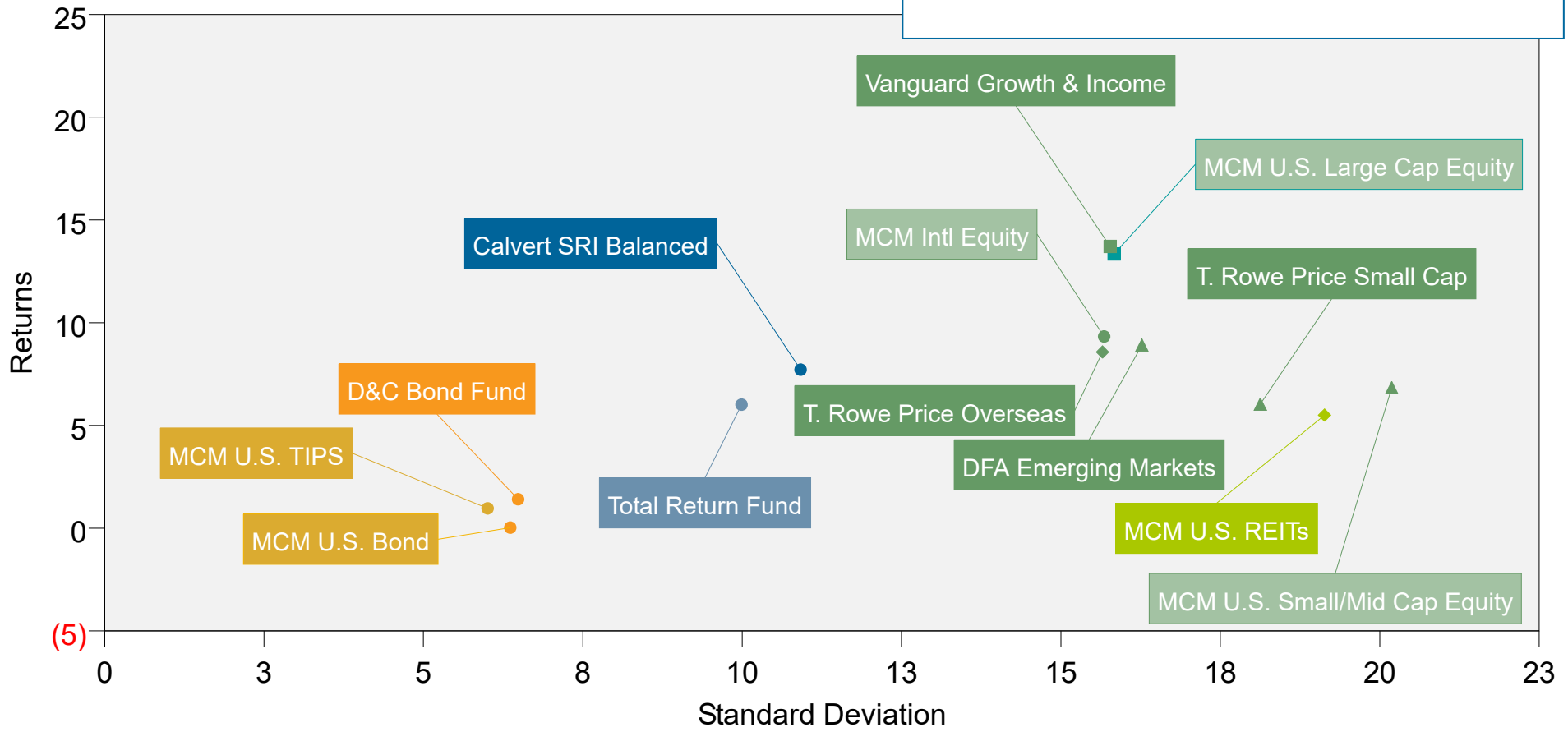
Portfolio	Ending Assets Jun 30, 2026	Weight	Net Cash Activity	Investment Gain/Loss	Beginning Assets Jun 30, 2025	Weight
Domestic Equity						
MCM U.S. Large Cap Equity	$161,048,087	7.69%	$7,754,973	$28,458,017	$124,835,096	6.77%
Vanguard Growth & Income	$138,084,059	6.59%	$7,884,869	$24,485,453	$105,713,737	5.73%
MCM U.S. Small/Mid Cap Equity	$54,131,631	2.58%	$771,289	$12,112,040	$41,248,303	2.24%
T. Rowe Price Small Cap	$46,635,603	2.23%	-$3,422,168	$11,077,020	$38,980,751	2.11%
Balanced						
Total Return Fd	$1,536,985,491	73.37%	-$26,213,439	$172,648,766	$1,390,550,164	75.43%
Calvert SRI Balanced	$17,438,848	0.83%	$156,668	$1,690,974	$15,591,205	0.85%
International Equity						
MCM Intl Equity	$24,998,561	1.19%	$3,534,617	$3,964,046	$17,499,897	0.95%
T. Rowe Price Overseas Stock	$2,239,803	0.11%	$974,238	$319,671	$945,894	0.05%
DFA Emerging Markets Core Equity	$4,245,609	0.20%	$2,356,242	$773,179	$1,116,188	0.06%
Domestic Fixed Income						
Dodge & Cox Income Fund[4]	$16,677,619	0.80%	-$1,132,663	$796,548	$17,013,733	0.92%
MCM U.S. Bond	$13,963,757	0.67%	-$395,627	$520,741	$13,838,643	0.75%
MCM U.S. TIPS	$6,728,348	0.32%	$193,770	$207,361	$6,327,217	0.34%
MCM U.S. REITs	**$7,028,749**	**0.34%**	**-$81,528**	**$1,274,316**	**$5,835,960**	**0.32%**
PERSI STIP	**$49,321,319**	**2.35%**	**-$2,426,612**	**$1,891,661**	**$49,856,270**	**2.70%**
Loan Fund	**$15,188,491**	**0.73%**	**$1,911,814**	**-$810,922**	**$14,087,600**	**0.76%**
Total Fund	**$2,094,715,976**	**100.00%**	**-$8,133,556**	**$259,408,872**	**$1,843,440,659**	**100.00%**

PERSI Choice 401(k) Plan

Investment Structure: Diversified Investment Options

Plan offers a range of options
- Equity: higher return, higher volatility
- Fixed Income: lower return, lower volatility
- Balanced: moderate risk and return profile
- Active and Passive strategies

Risk/Return
5 Years Ended June 30, 2026



PERSI Choice 401(k) Plan Performance Overview*

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity					
Mellon Large Cap Equity	(4.35%)	17.77%	18.26%	12.01%	14.11%
Vanguard Growth and Income	(5.01%)	20.00%	18.84%	12.33%	14.08%
S&P 500 Index	(4.33%)	17.80%	18.32%	12.06%	14.16%
Mellon Small/MidCap Equity	(1.22%)	20.83%	15.05%	4.46%	10.97%
DJ US Completion Total Stock Mkt	(1.28%)	20.67%	14.91%	4.22%	10.83%
T. Rowe Price Small Cap Stock	1.64%	16.98%	11.83%	3.60%	11.16%
Russell 2000 Index	0.89%	25.72%	13.05%	3.77%	9.88%
Balanced					
Total Return Fund	(1.86%)	10.75%	8.99%	5.76%	8.11%
Target Index (1)	(1.17%)	13.36%	10.71%	6.50%	8.47%
Calvert SRI Balanced (2)	(4.54%)	9.47%	12.30%	7.24%	9.18%
60%S&P/40% Blmbg Agg	(2.62%)	12.41%	12.41%	7.42%	9.34%
International Equity					
Mellon Intl Index	0.55%	22.57%	14.36%	8.45%	8.83%
T. Rowe Price Overseas Stock (4)	(0.43%)	23.31%	13.81%	7.19%	8.60%
MSCI EAFE Index	(1.24%)	21.27%	13.62%	7.91%	8.38%
DFA Emerging Markets Core Eq (5)	3.01%	31.22%	15.89%	6.67%	8.82%
MSCI Emg Mkts	(0.17%)	29.55%	14.84%	3.69%	7.80%
Domestic Fixed Income					
Dodge & Cox Income (3)	0.08%	5.43%	5.07%	1.62%	3.14%
Mellon Blmbg Agg	(0.04%)	4.32%	3.58%	0.25%	1.61%
Blmbg Agg Index	(0.05%)	4.35%	3.63%	0.31%	1.70%
Mellon U.S. TIPS	0.27%	2.97%	3.15%	1.43%	2.61%
Blmbg US TIPS Index	0.26%	3.00%	3.18%	1.48%	2.66%
Mellon U.S. REITs	4.52%	6.90%	8.94%	5.39%	4.61%
DJ US Select REIT Index	4.64%	7.23%	9.15%	5.59%	4.76%
PERSI STIP	0.91%	4.13%	4.78%	3.39%	2.38%
FTSE Treas 1 Yr	0.65%	3.90%	4.50%	2.71%	2.13%
TBills + 0.50%	0.97%	4.50%	5.24%	3.84%	2.76%

(1) Target Benchmark consists of 21% Russell 3000, 20% Bloomberg Aggregate, 10% Bloomberg TIPS, 6% MSCI EAFE, 18% MSCI ACWI, 9% MSCI Emerging Markets, 4% NCREIF NFI-ODCE, 4%FTSE NAREIT All Equity Idx, and 8% Private Equity.
(2) Performance represents Calvert Balance I until 04/30/2023 and Calvert Balance R6 thereafter.
(3) Performance represents Dodge & Cox Income I until 04/30/2023 and Dodge & Cox Income X thereafter.
(4) Funded April 2023, performance represents the T. Rowe Price Overseas Stock I Mutual Fund.
(5) Funded April 2023, performance represents the DFA Emerging Markets Core Equity I Mutual Fund.
* Returns are Net of Fees

For the Quarter

- Balanced Funds
  - Total Return Fund underperformed the Strategic Policy by 69 bps.
  - Calvert underperformed its benchmark by 192 bps.
- Active Manager performance vs benchmarks:
  - T. Rowe Price Overseas + 81 bps
  - Vanguard G&I - 68 bps
  - DFA Emerging Markets + 318 bps
  - Dodge & Cox + 13 bps
  - T. Rowe Price Small Cap + 75 bps

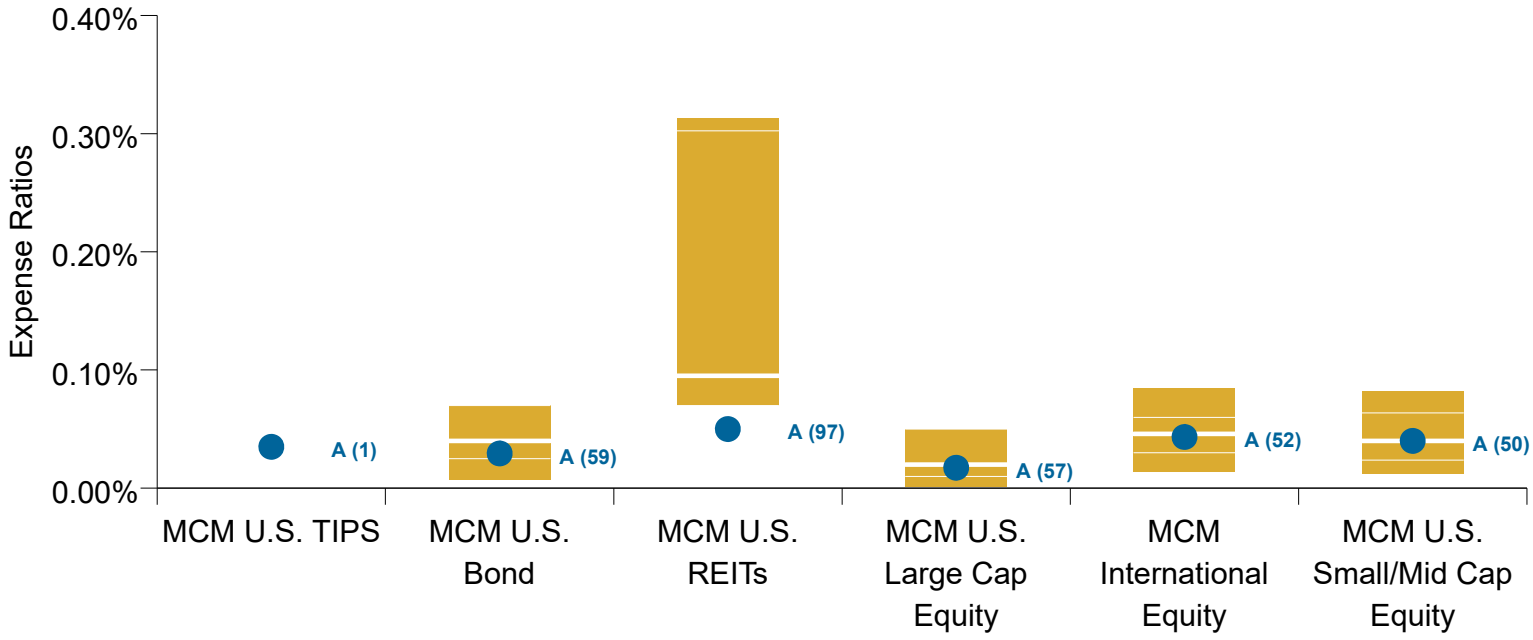
Long-term Perspective (3- to 10-yr)

- Dodge & Cox has outperformed over longer periods of time
- Vanguard G&I has outperformed over the last 3 and 5 years
- T. Rowe Price Small Cap underperformed over recent periods yet outperformed over the last 10 years
- T. Rowe Price Overseas[4] outperformed more recently, as well as over 10 years
- DFA Emerging Markets[5] has outperformed for all periods
- Total Return underperformed its strategic policy
- Calvert underperformed
- Passive funds kept pace with their respective benchmarks.

Fee Comparison Charts: Passive Options

Fees for the Passive investment options are all below median. Mellon confirmed that PERSI Choice Plan investments are in the lowest-fee vehicles for non-lending funds.

Lowest Cost Fee Ranking as of June 30, 2026

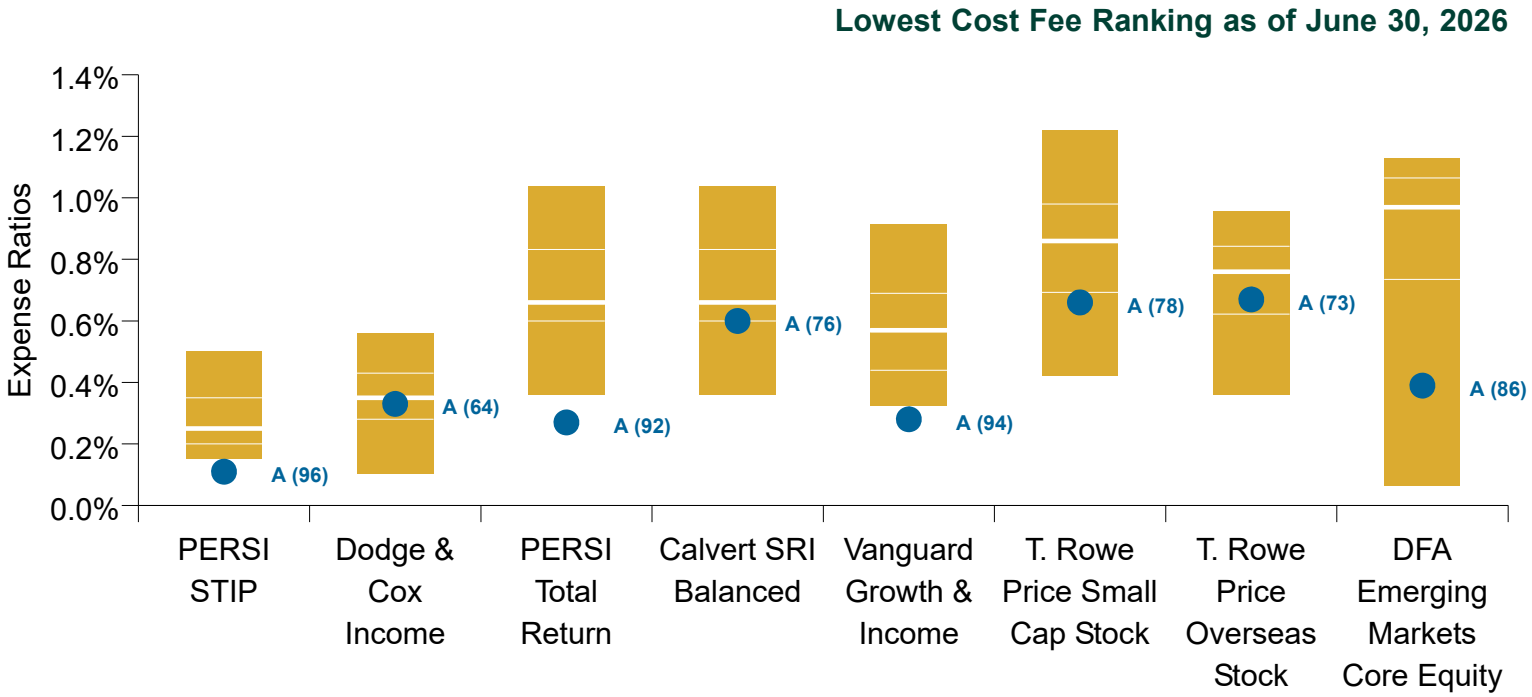


Passive Options	**0.035**	**0.029**	**0.050**	**0.017**	**0.043**	**0.040**
Callan Median	0.050	0.040	0.095	0.020	0.046	0.040
Callan 75th Percentile	0.050	0.025	0.070	0.010	0.030	0.024

Note: Fees in the 1st percentile are among the most expensive, while those in the 99th percentile are among the cheapest.

Fee Comparison Charts: Actively Managed Investment Options

Fees for the Actively managed investment options are all below median. Each manager confirmed that PERSI Choice Plan investments are in the lowest fee vehicles.



Active Options	0.110	0.330	0.270	0.600	0.280	0.660	0.670	0.390
Callan Median	0.250	0.350	0.660	0.660	0.570	0.860	0.760	0.970
Callan 75th Percentile	0.200	0.280	0.600	0.600	0.440	0.693	0.623	0.735

Note: Fees in the 1st percentile are among the most expensive, while those in the 99th percentile are among the cheapest.

Administrative Fee Review

- Empower charges PERSI an annual $33.87 per participant fee for its recordkeeping services. These services typically include administration, plan sponsor and participant website maintenance, call center services, compliance functions, participant communications, and other recordkeeping functions.
- There are additional transaction fees and indirect revenue retained by Empower outside of this service fee.
- The Plan's per participant fee is below the median fee charged to public plans of similar size in Callan's DC fees database.

Table 1: Administrative Fee Ranking

	Per Participant Administration Fee ($)
90th Percentile	$53
75th Percentile	$48
50th Percentile	$37
25th Percentile	$31
10th Percentile	$19
PERSI	**$33.87**

Table 2: Database Comparator

	Public Database Sample Average	PERSI
Assets	$2,642,175,183	**$2,094,715,976**
Participants/Accounts	40,391	**45,297**
Sample Count	24	--

Source: Callan's DC fees database

Callan

What are other Public DC Plans Doing?

Research

2026 Defined Contribution Trends Survey, Government Breakout

Introduction

Throughout the Survey, PERSI's responses are reflected with ✓, and responses from 13 governmental organizations are reflected in red figures. Exhibits without red figures did not have a meaningful sample size.



The world is changing dramatically, and our annual *Defined Contribution (DC) Trends Survey* is evolving to fit the shifting landscape. The 19th annual *DC Survey* covers the key tenets of DC plan management such as governance, investments, fees, plan design, and more. The insights and experience distilled in our *2026 DC Survey* inform this discussion, and we are grateful to all of those who contributed.

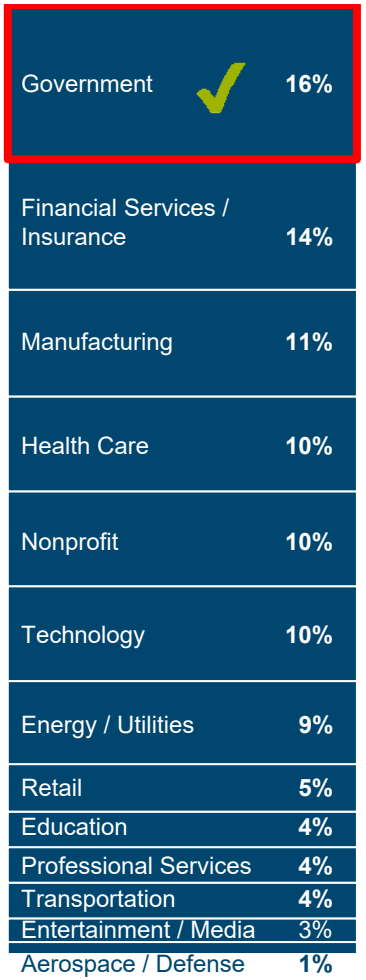
Respondent Characteristics

Callan conducted this DC Survey online in late 2025. This survey incorporates responses from 80 DC plan sponsors, including both Callan clients and other organizations.

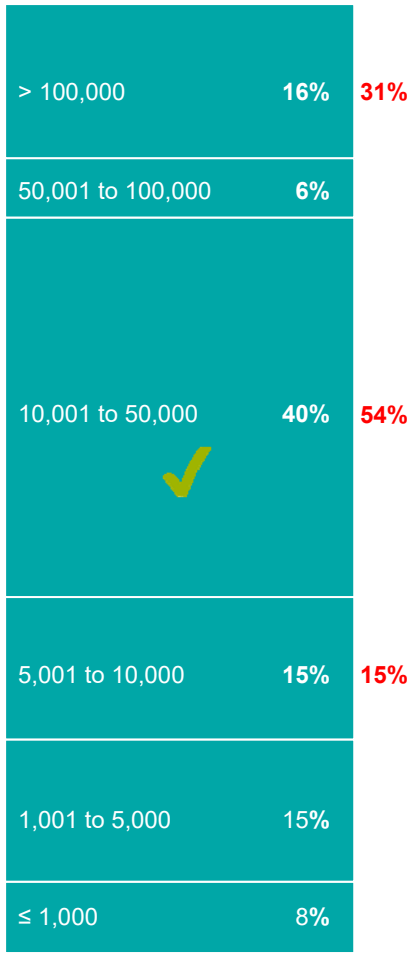
Respondents spanned a range of industries, with the top being government and financial services.

92% of respondents had more than $200 million in plan assets; moreover, 71% were “mega plans” with at least $1 billion in assets, and 62% had more than 10,000 participants.

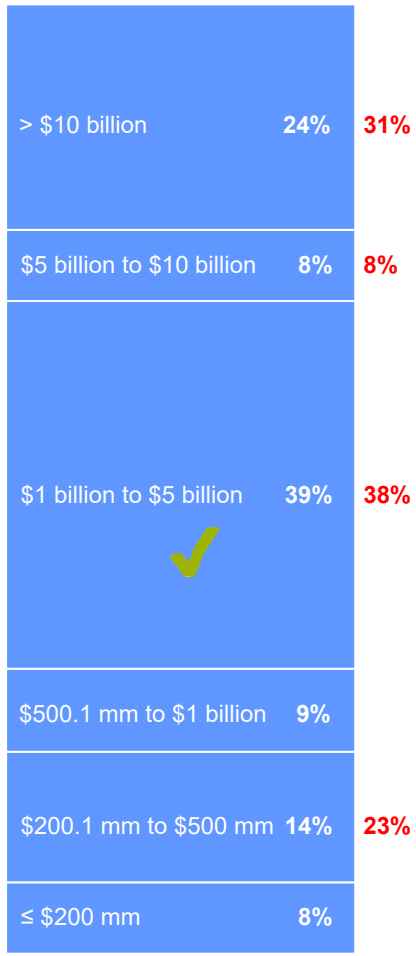
Primary Industry of DC Plan Sponsor



Number of Participants in DC Plan



Assets in DC Plan



Note: Throughout the survey, charts may not sum to 100% due to rounding.

Respondent Characteristics (continued)

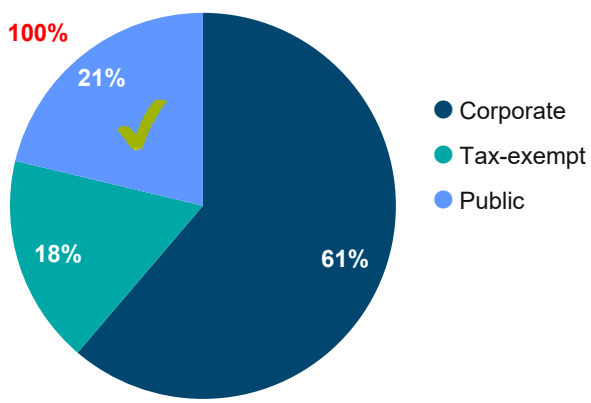
61% of respondents were corporate organizations, followed by public (21%) and tax-exempt (18%) entities.

As seen in prior surveys, a 401(k) plan was the primary DC offering (79%). The percentage of 457 plans (25%) was roughly in line with the prior year (26%).

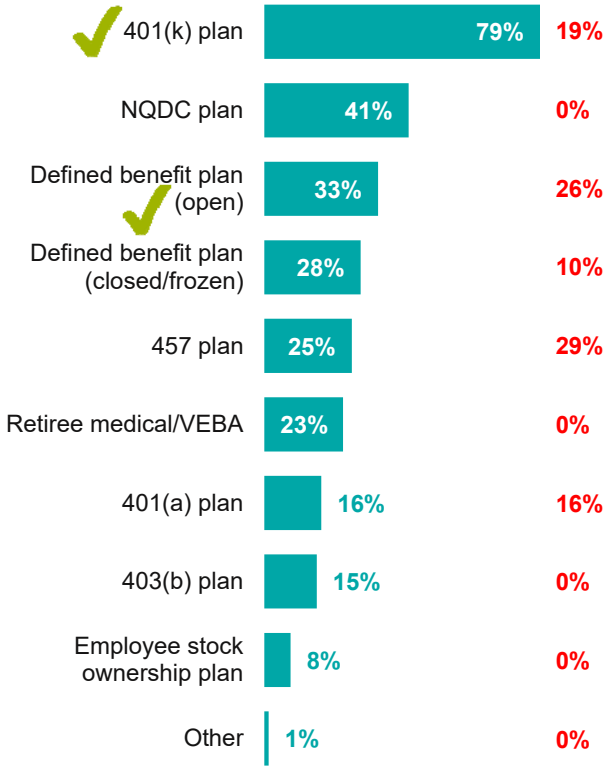
More than half (59%) of corporate respondents offered a non-qualified deferred compensation (NQDC) plan.

Nearly 6 in 10 DC plan sponsors surveyed offered either an open or closed/frozen defined benefit (DB) plan. This represented a similar share to the prior year. Governmental entities were more likely to offer an open DB plan, while corporate plan sponsors were more likely to have a closed or frozen DB plan.

Organization Type



Retirement Benefits Offered*



*Multiple responses allowed.

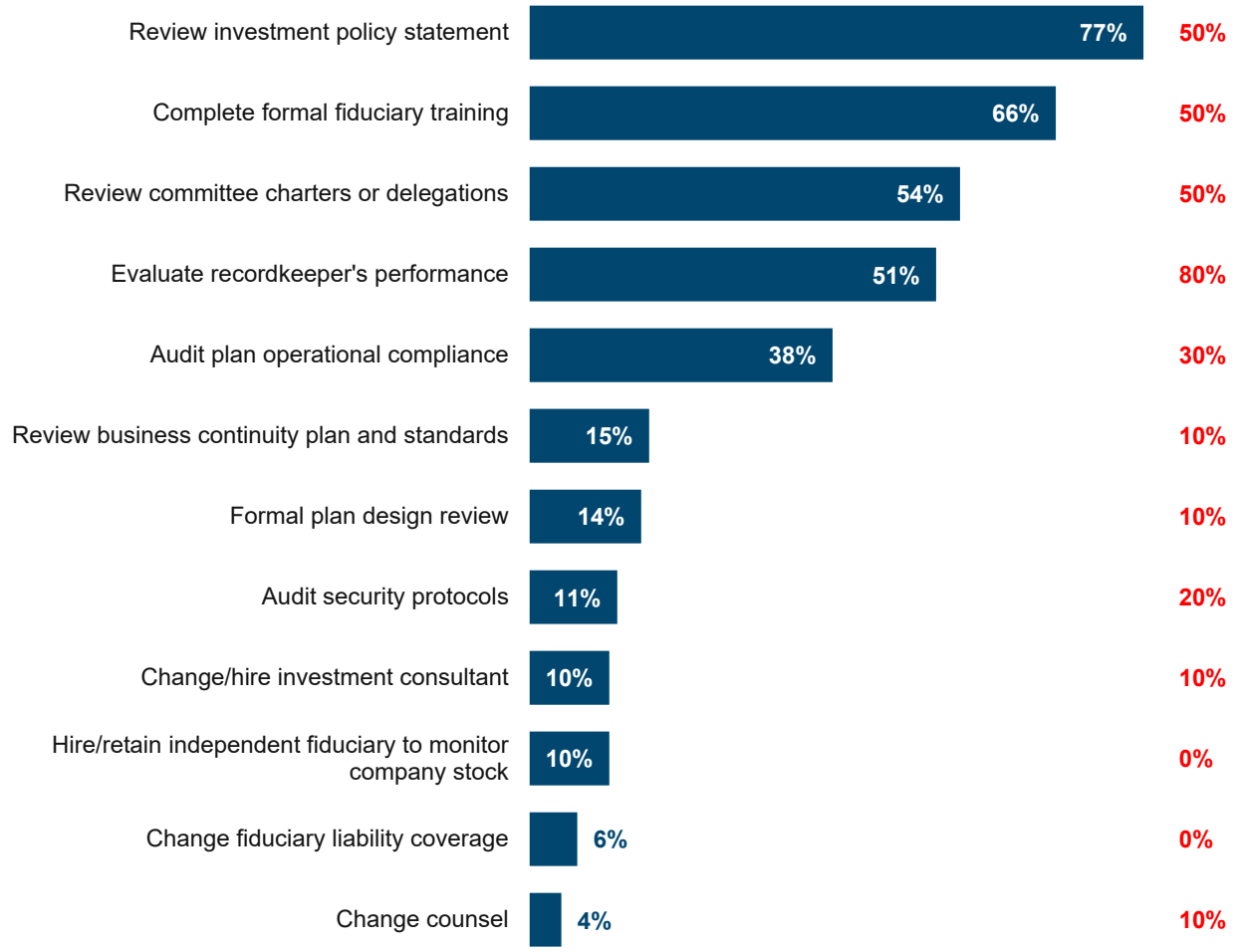
Fiduciary Initiatives

Consistent with 2024, the most prevalent fiduciary action taken by DC plan sponsors in 2025 was to review their investment policy statement (IPS). Additionally, 66% of respondents completed formal fiduciary training in 2025, a slight decrease from the 73% who did so in 2024.

In the 2021 survey, there was a sharp increase in respondents reporting they reviewed security protocols (41%), in response to U.S. Department of Labor guidance. This fell to its lowest level in the past four surveys since the 2021 survey (11%).

No respondents indicated they evaluated or implemented 3(38) discretionary services in 2025, compared to 5% who did so in 2024.

Fiduciary Actions DC Plans Took*



*Multiple responses allowed.

Other (e.g., adopt a charter, focus on missing participants) (6%)

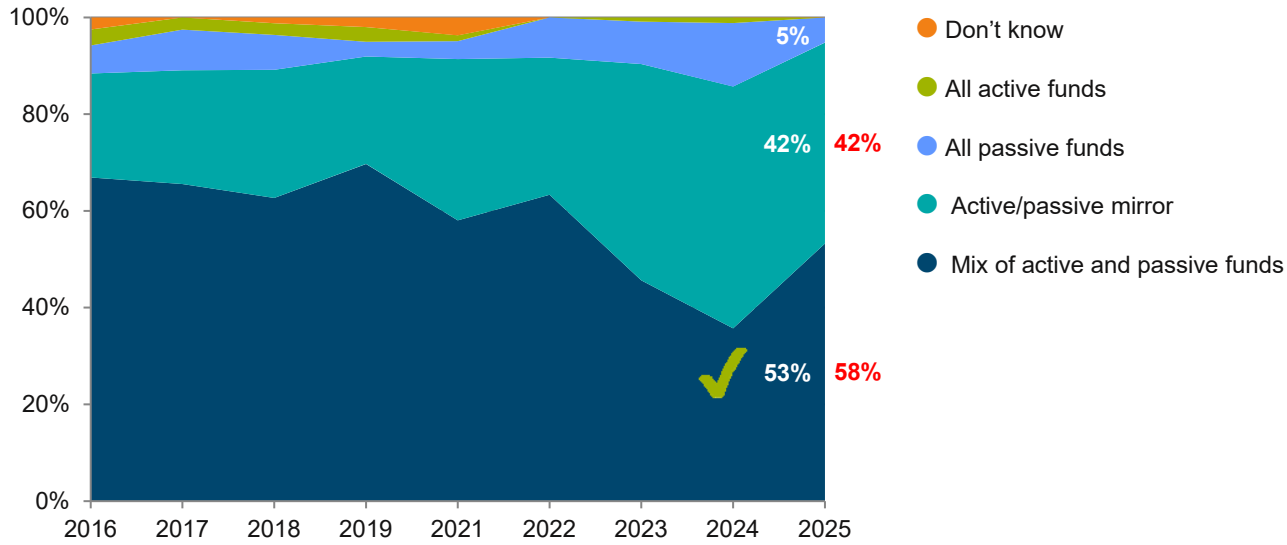
Investment Menu

There was a slight decrease in DC plans offering an active/passive mirror versus those offering a mix of active and passive funds, after the prevalence of a mirror reached an all-time high of 50% the prior year. A mirrored lineup is when virtually all core asset classes are represented by both active and passive options.

DC plans with a mix of active and passive investment funds (95%) were the most prevalent. Purely passive (5%) lineups remained a rarity, while no respondents indicated offering a purely active menu.

In cases where there was a fund change, nearly 6 in 10 respondents mapped assets, as needed, to "like" funds. 17% mapped to the default fund, and 20% used both the default fund and a like-to-like strategy based on the funds being changed.

Investment Menu Approach



Assets Mapped from Eliminated Funds



Investment Types Within the Fund Lineup

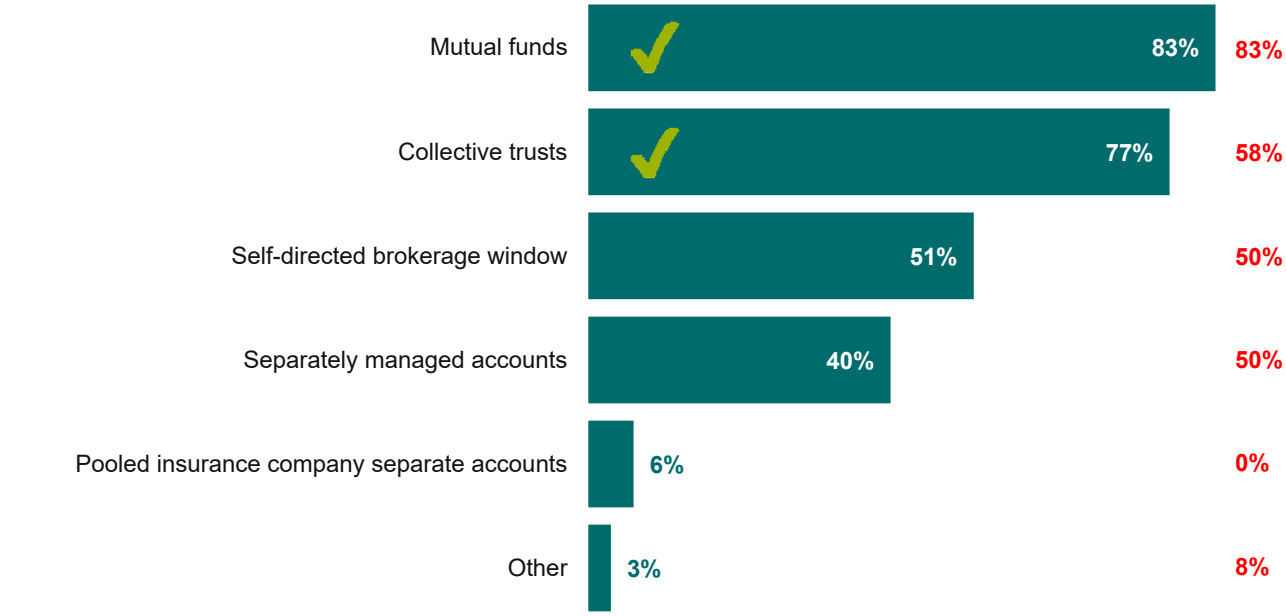
Mutual funds and collective investment trusts (CITs) continued to be the most prevalent investment vehicles. Large plans were generally less likely to offer mutual funds and more likely to offer CITs. Notably, certain plan types (e.g., 403(b) plans) remain ineligible to invest in CITs.

Fewer plans offered separately managed accounts in 2025 (40%) than in 2024 (50%).

More than half of plans offered a self-directed brokerage window to provide participants additional investment choice beyond the core lineup.

About 6% of respondents offered pooled insurance company separate accounts, an increase from 1% the prior year.

Investment Types Within the Fund Lineup*



*Multiple responses allowed.

White Label Funds

White label funds may have several benefits for a DC plan, such as simplified and more intuitive fund-naming conventions for participants. Additionally, white label funds with multiple underlying managers have the potential to enhance diversification relative to the underlying managers on a standalone basis.

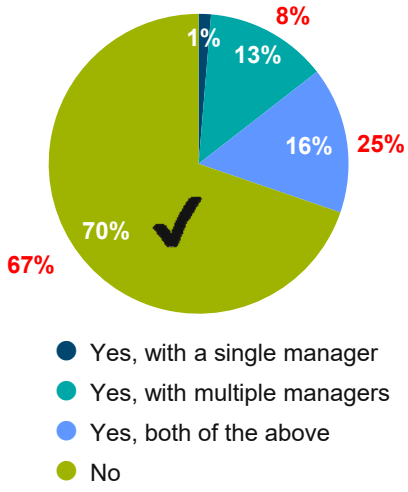
3 in 10 respondents offered white label funds in 2025, in line with the prior year. Only one plan with less than $1 billion in plan assets reported offering white label funds.

Among those that offered white label funds, the most common party with discretionary control was the plan sponsor, followed by a consultant or an investment manager.

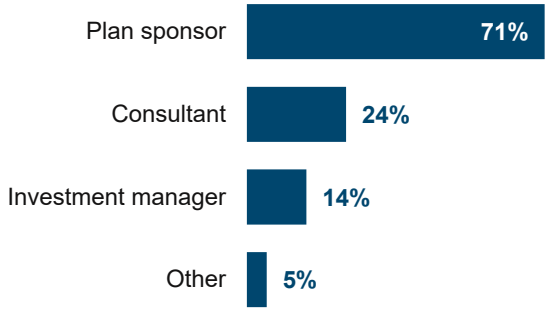
The most common asset classes for white label funds with multiple underlying managers were U.S. smid cap equity and non-U.S. equity. Respondents that indicated offering “other” white label funds with multiple underlying managers offered either custom target date funds and/or a diversified real assets option.

For white label funds with a single underlying manager, the most common asset class was U.S. large cap equity.

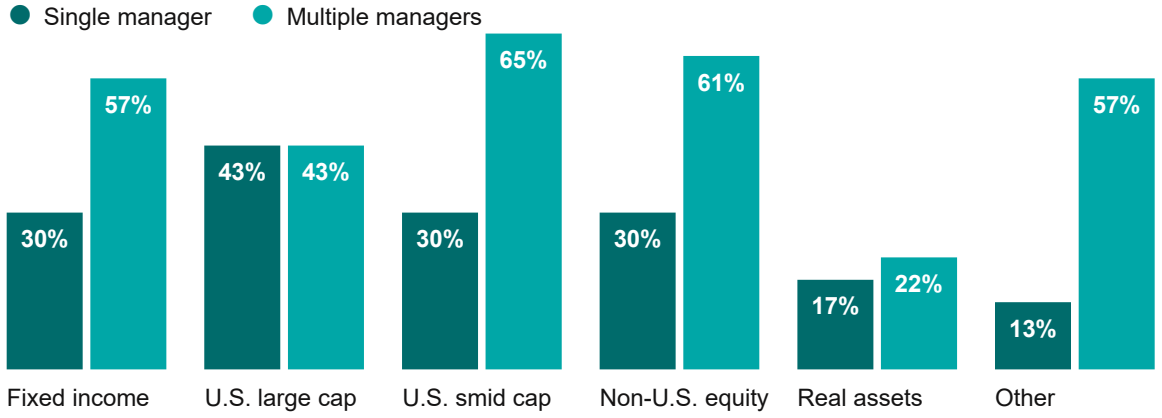
White Label Funds Offered in DC Plan



Discretionary Control of White Label Multi-manager Fund(s)*



Asset Classes in Which DC Plan Offered White Label Funds*



*Among respondents offering white label funds. Multiple responses allowed.

Forfeitures and Float Income

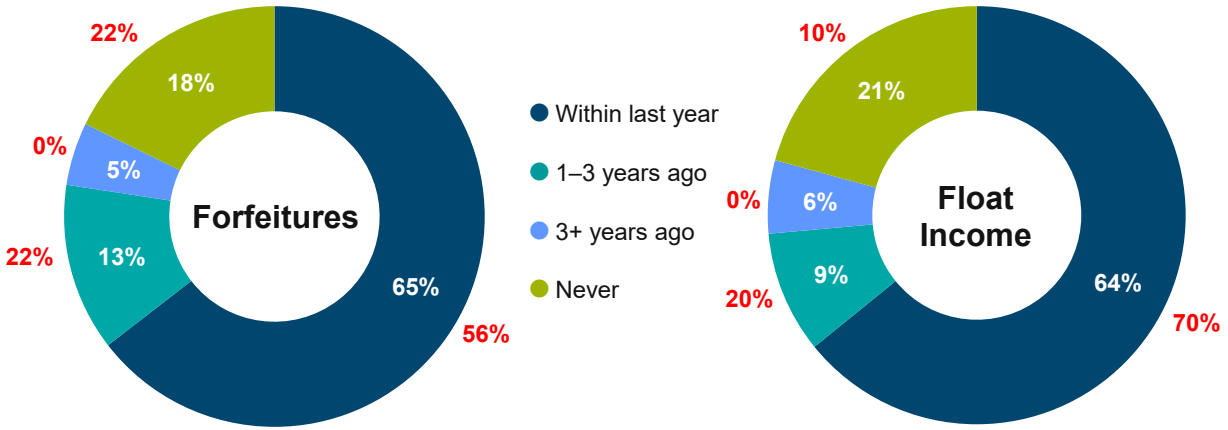
Forfeitures are generated when a participant terminates service with an unvested benefit. The unvested benefit is considered forfeited by the participant and cannot be returned to the plan. Beginning in late 2023, a flurry of lawsuits alleged that DC plan forfeitures were misused—by not following a prudent process to benefit participants, not following the terms of the plan document, or not using forfeitures in a timely manner.

65% of respondents said they evaluated the usage of forfeitures within the last year, with another 13% having done so within the last 1 to 3 years.

Float income is generated when money that flows in and out of a DC plan is temporarily held in an interest-bearing account while awaiting investment or payout. Recordkeepers' policies for the treatment of float income may vary—in some cases, float income may be returned to the plan sponsor, and in other cases, it may be retained by the recordkeeper.

Within the last year, 64% of respondents said they evaluated how float income was handled within their DC plan. Notably, 21% of respondents said they had never evaluated the treatment of float income.

Last Time Forfeitures and Float Income Deployment Were Evaluated



Advisory Services: Prevalence

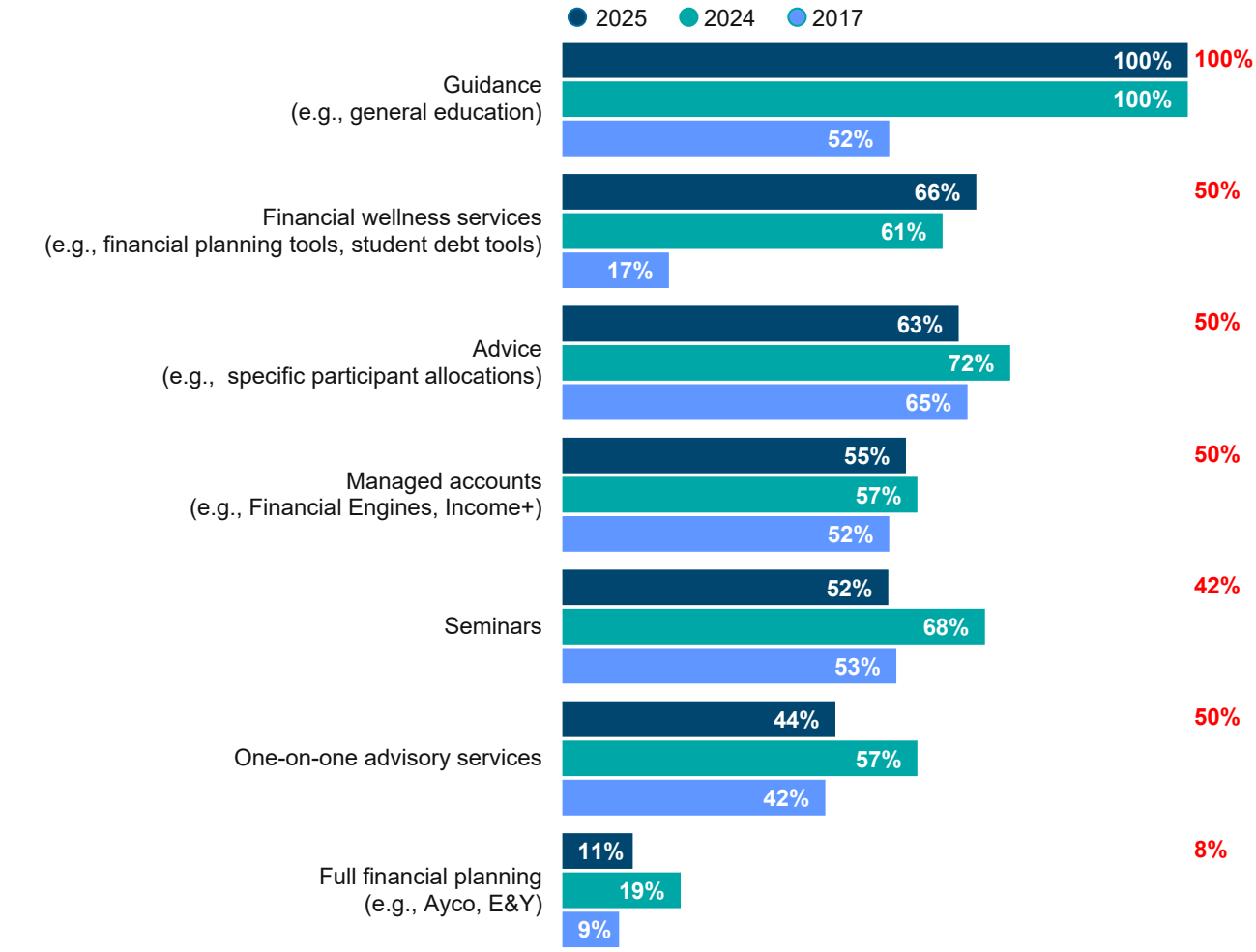
All respondents offered some type of advisory service to participants, with all offering guidance.

The prevalence of managed accounts appears to have plateaued over recent years, with a little over half of respondents offering a managed account service in 2025. These services are geared toward “do-it-for-me” investors who desire greater personalization. Managed account providers are investment managers under Section 3(38) of the Employee Retirement Income Security Act (ERISA).

The decision to include managed accounts is a fiduciary action. Plans with, or considering adding, managed accounts should consider the fiduciary implications and value add of the service.

Financial wellness services (66%) saw an increase in 2025 relative to both 2024 and 2017, as plan sponsors seek to provide their employees with additional tools to support their financial wellbeing. Common examples include debt management and budgeting tools.

Type of Service Offered*



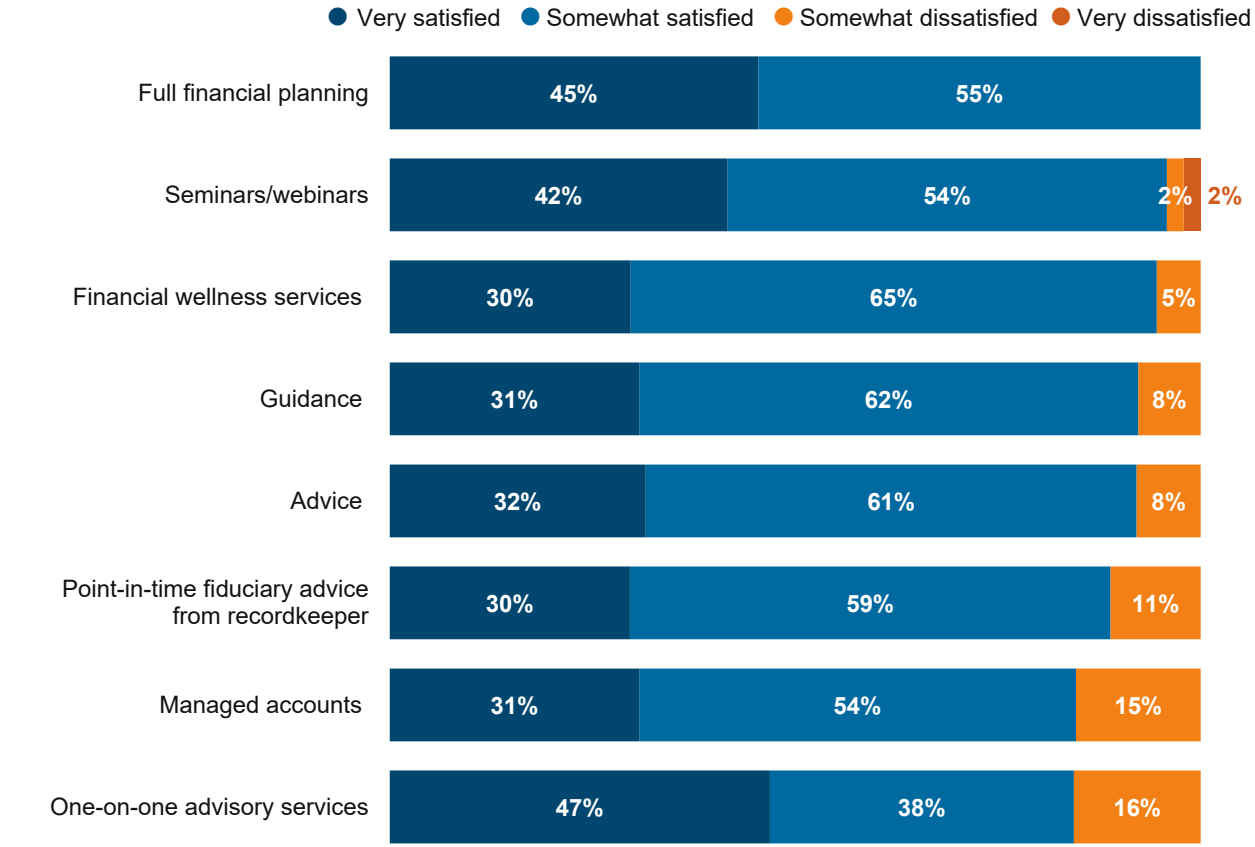
*Multiple responses allowed.

Satisfaction with Advisory Services

Respondents reported high levels of satisfaction with investment advisory services. Full financial planning received the highest overall marks, with all respondents very or somewhat satisfied.

The service with the largest percentage of dissatisfied respondents was one-on-one advisory services, followed by managed accounts.

Satisfaction Ratings for Guidance or Advisory Services



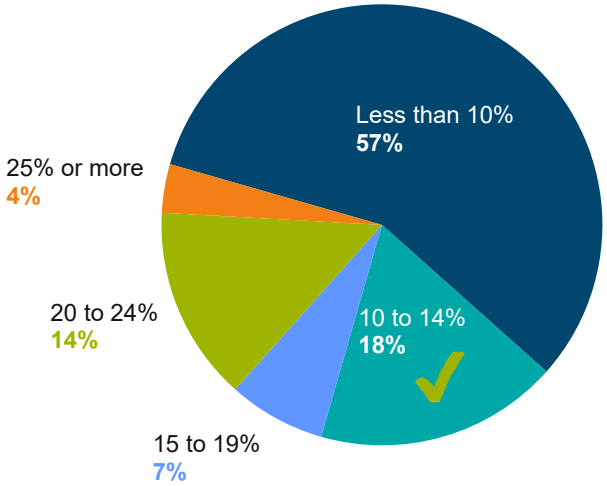
Rolling in Qualified Assets and Post-Employment Assets

Managed account services and retirement income solutions often provide a greater value add to participants when a participant provides more insight into their comprehensive financial picture. Accordingly, it is increasingly important for participants to roll assets in from their previous employers' retirement plans to maximize the use and effectiveness of these services and products.

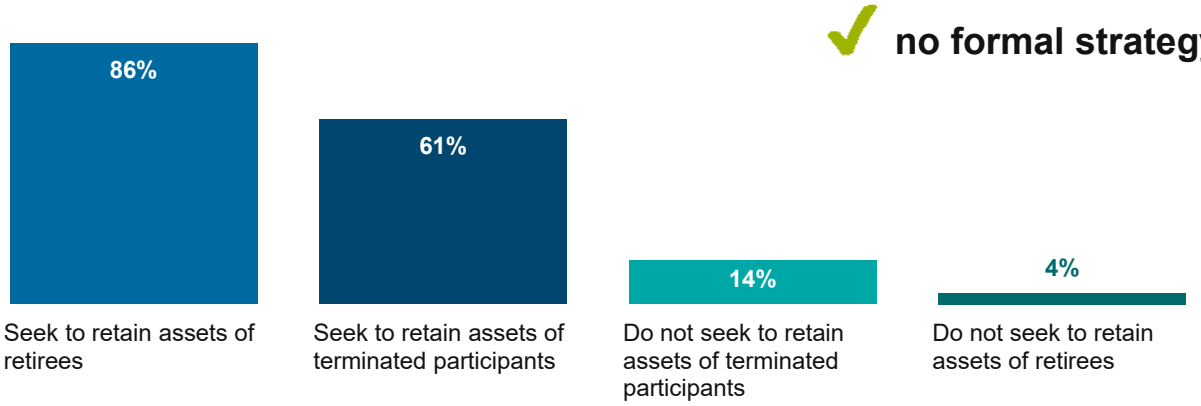
However, nearly 6 in 10 plan sponsors indicated that less than 10% of participants rolled in assets from their previous employers' qualified plan. One strategy to better maximize the current plan features would be to proactively encourage participants to consolidate their qualified DC assets into their current plan.

36% of respondents indicated they had a strategy around retaining retiree and/or terminated participant assets. Of those with a strategy, most sought to retain the assets of retirees and/or terminated participants. Higher levels of asset retention can improve plan cost efficiencies, while perhaps creating a greater need for plan sponsors to support participants with decumulation strategies.

Percentage of Participants That Rolled Assets in*



Strategies to Retain Retiree/terminated Assets**



*Of those that offered the ability to roll in assets.

**Multiple responses allowed. Percentages out of those with a stated intent in place

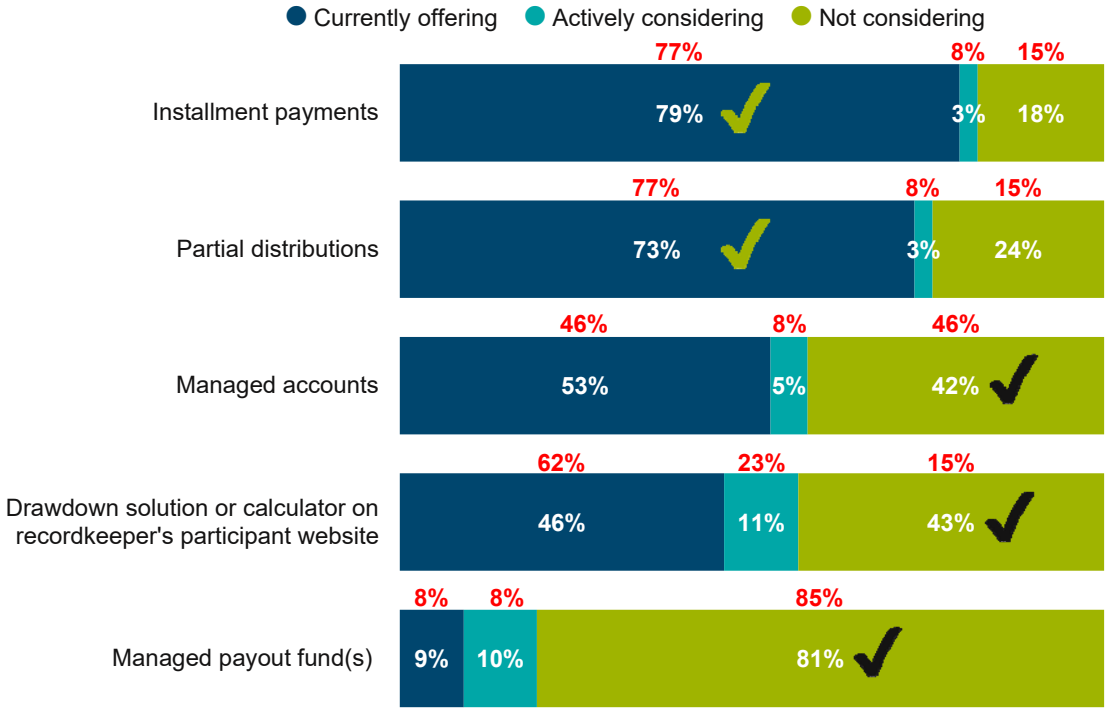
Non-Guaranteed Retirement Income Solutions

Most respondents offered some form of retirement income solution to employees in 2025. Installment payments (79%) and partial distributions (73%) remained the most common. For some participants, pairing installment payments with an in-plan investment option such as a stable value fund or the retirement/income fund of a target date suite can be an effective drawdown strategy.

Managed accounts (53%) or a drawdown solution (46%) were the next most common. Only 9% offered managed payout funds. These funds are typically diversified options that target a specified "payout" level each year (e.g., 4%–6%). The payout amounts aren't guaranteed and often vary depending on fund performance and withdrawal policy.

Explainer: A drawdown solution is a simplified process on the participant website (e.g., a one-step button) to implement the output from a retirement calculator. It is a more streamlined process for participants to establish a stream of income; without it, they would otherwise have to manually transfer the calculator output to the transactional section of the website.

Non-guaranteed Retirement Income Solutions Offered*



*Percentages among those with a solution in place. Multiple responses allowed.

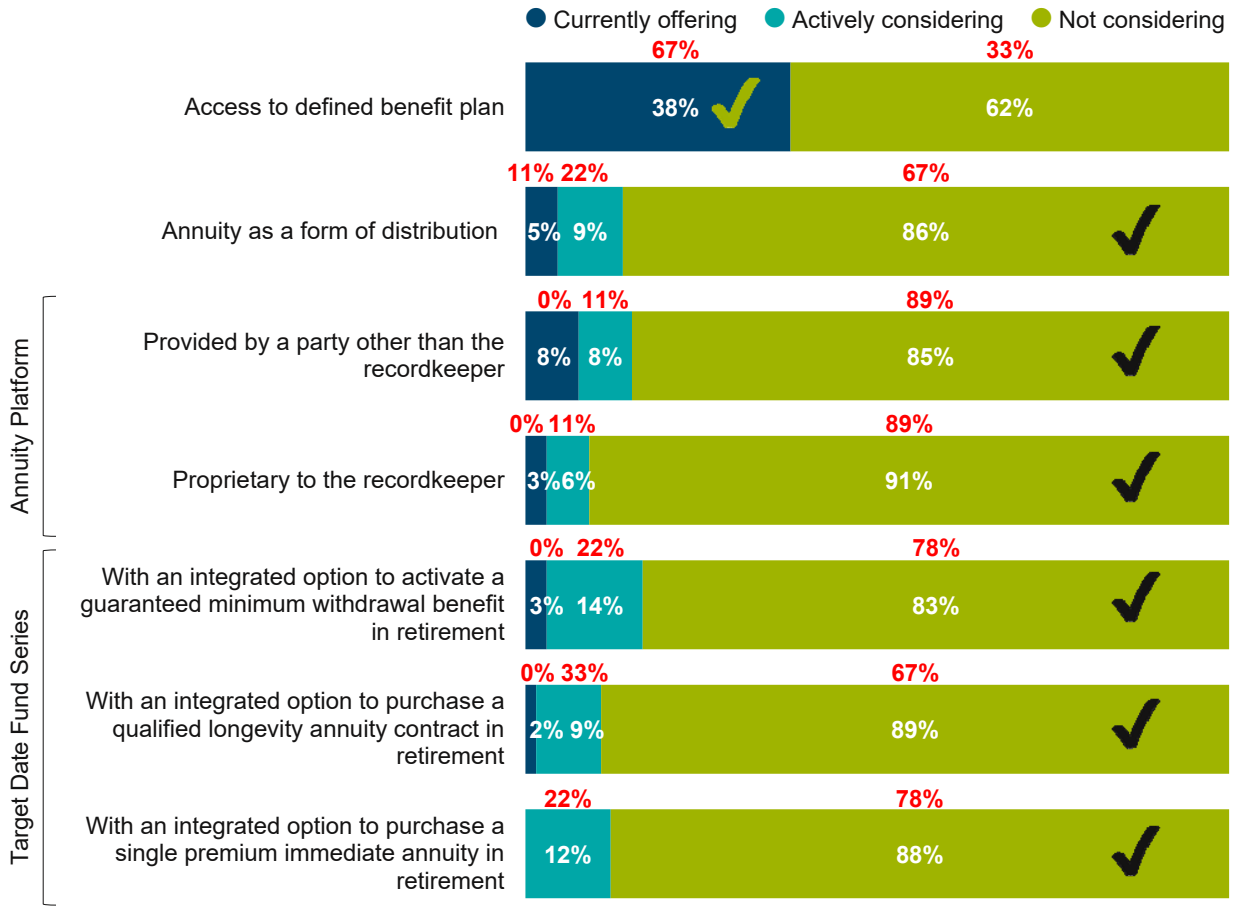
Guaranteed Retirement Income Solutions

Nearly 4 in 10 respondents offered a defined benefit plan, providing a guaranteed income stream to at least some DC plan participants. Governmental entities were more likely to offer an open DB plan, while corporate plan sponsors were more likely to have a closed or frozen DB plan.

Recent product innovation has led to discussion around the possibility of providing other forms of guaranteed income to DC plan participants, whether through the DC plan's TDF offering or a solution separate from a TDF series (e.g., annuity platform service).

In 2025, relatively few respondents reported offering an annuity platform service or a TDF with a guaranteed income component. For plan sponsors, education and tools to evaluate and compare different forms of guaranteed income are becoming increasingly important.

Guaranteed Retirement Income Solutions Offered*



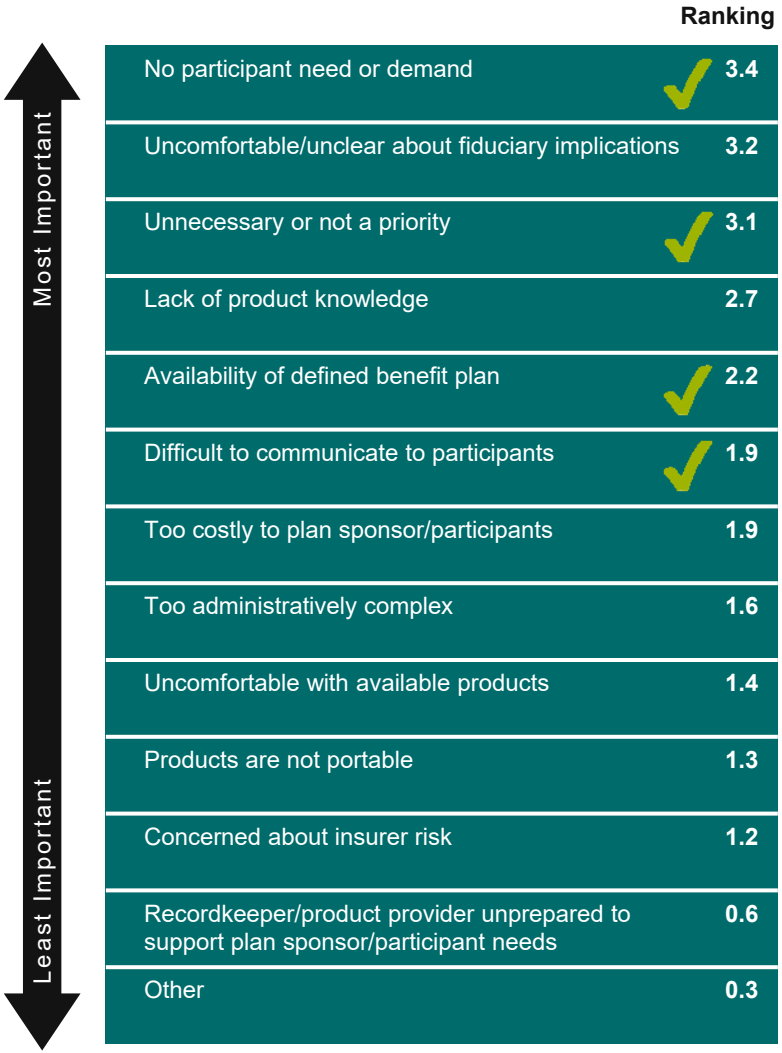
*Percentages among those with a solution in place. Multiple responses allowed.

Reasons for Not Offering a Retirement Income Solution

Plan sponsors cited several reasons regarding why they were unlikely to offer an annuity-type product in the near term. The two most common reasons were a perceived absence of participant need or demand and a discomfort about fiduciary implications.

Respondents also noted that they didn't view a retirement income solution as necessary or as a priority and that they were lacking sufficient product knowledge, highlighting the importance of continued education.

Reasons for Not Offering Retirement Income Solution



(5=Most important. Total ranking is a weighted average score.)

Callan

Appendix

Peer Group Definitions: Fee Comparisons

Investment Option	Peer Group
Tier I: Asset Allocation	
PERSI Total Return	Callan Domestic Balanced MFs
Tier II: Passive	
MCM U.S. Bond	Passive Core Bond MFs
MCM U.S. Large Cap Equity	Passive Large Cap Core MFs
MCM International Equity	Passive Non-U.S. Equity MFs
MCM U.S. Small/Mid Cap Equity	Passive Small/Mid Cap MFs
Tier II: Active	
PERSI STIP	Callan Ultra-Short Bonds MFs
Dodge & Cox Income	Callan Core Bond MFs
Vanguard Growth & Income	Callan Large Cap Core MFs
T. Rowe Price Overseas Stock	Callan Non-U.S. Equity MFs
T. Rowe Price Small Cap Stock	Callan Small Cap Core MFs
Tier III: Specialty	
MCM U.S. TIPS	Passive TIPS MFs
Calvert SRI Balanced	Callan Domestic Balanced MFs
MCM U.S. REITs	REITs Passive
DFA Emerging Markets Core Equity	Callan Emerging Equity MFs

DC Plan Committee(s)

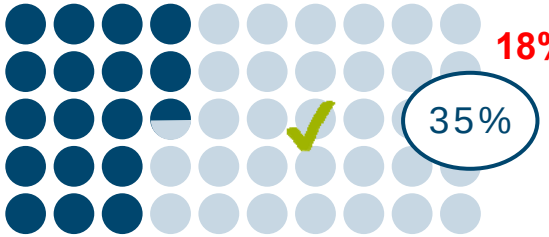
When DC plan sponsors delegate authority and responsibilities to a "named fiduciary," it is either a **single committee** or separate **investment and administrative committees**.

About two-thirds of plan sponsors responded that they have a single committee to monitor and manage their DC programs, with the rest splitting the responsibilities between a separate investment committee and administrative committee. This represented an increase from the prior year, where about half of respondents indicated they had a single committee.

Plans with a single committee had 5.6 voting members, on average. Plans with separate committees had averages of 6.3 voting members on the investment committee and 5.1 voting members on the administrative committee.

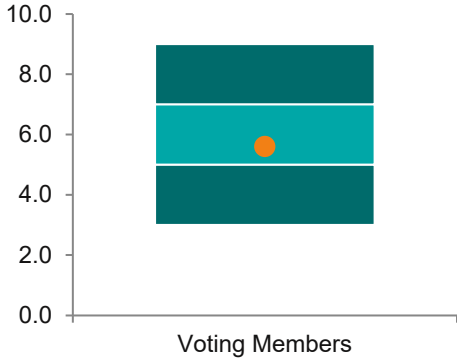
Non-ERISA plans may refer to the governing body as a "board" rather than a "committee."

Separate Committees for Monitoring Investments and Plan Management



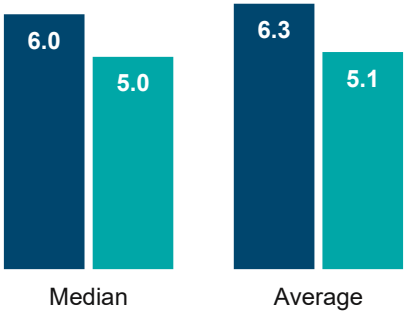
of respondents have separate committees for monitoring investments and plan management

Number of Voting Members: Single Committee



90th percentile	9.0
75th percentile	7.0
Median	5.0
25th percentile	5.0
10th percentile	3.0
Average	**5.6**

Number of Voting Members: Separate Committees



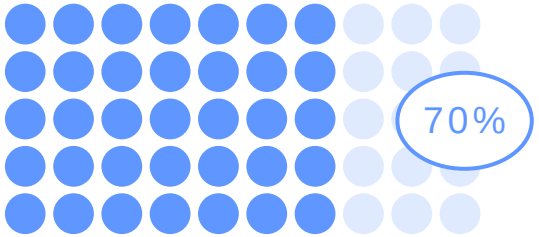
Plan Recordkeeper

Consolidation in the recordkeeper marketplace continues. The top recordkeepers shown were used by 70% of survey respondents. The top five recordkeepers were the same top five from the prior year.

Nearly **7 in 10** respondents indicated that the recordkeeper provides trust/custody services to the DC plan, an increase from nearly 6 in 10 the prior year.

Most-used Recordkeepers

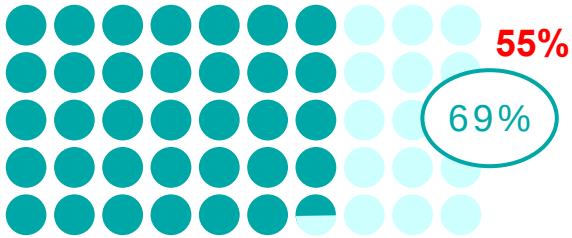
1. Fidelity
2. Empower ✓
3. Charles Schwab
4. Alight
5. Voya



of respondents used these 5 recordkeepers

Empower – 38%, Fidelity – 23%, Nationwide – 15%, Ascensus – 8%, Voya, 8%, Multiple RKs – 8%

Recordkeeper Provides Trust/custody Services to DC Plan(s)



55% of respondents' recordkeepers provided trust/custody services to DC plan

Areas of Focus

Following a decade of abundant litigation, DC plan sponsors have refined the elements of fiduciary focus. Plan governance returned as the top area of focus after falling slightly in 2024, perhaps partly driven by continued litigation. This broad category includes much of the basic blocking and tackling that plan sponsors do on an ongoing basis.

Investment management fees ranked as the second-highest area of focus in 2025, while plan administrative fees have consistently ranked lower. Investment management fees are generally more straightforward to benchmark and monitor, allowing for more frequent review. Plan sponsors should be mindful to review all plan fees on a regular basis.

Investment structure evaluation and fund/manager due diligence ranked as the third and fourth highest areas of focus, respectively.

Top Areas of Focus

2025		2024		2023	
Plan governance and process	3.7	Plan investment management fees	3.2	Plan governance and process	3.7
Plan investment management fees	3.2	Fund/manager due diligence	3.1	Plan investment management fees	3.0
Investment structure evaluation	2.9	Investment structure evaluation	3.0	Plan administrative fees	2.3
Fund/manager due diligence	2.7	Plan governance and process	2.8	Fund/manager due diligence	2.2
Plan administrative fees	2.0	Plan administrative fees	2.1	Investment structure evaluation	2.0
Committee education and fiduciary training	1.3	Committee education and fiduciary training	1.5	Committee education and fiduciary training	1.6
Participant retirement readiness	0.9	Plan operational compliance	0.5	Participant education and communications	1.3
Participant education and communications	0.7	Participant retirement readiness	0.5	Participant retirement readiness	1.3
Plan operational compliance	0.6	Participant education and communications	0.5	Plan operational compliance	1.2

(5=Most focus. Total ranking is a weighted average score.)

Additional 2025 categories: other (0.3), cybersecurity (0.3), financial wellness (0.1)

Alternative Investments in Target Date Funds

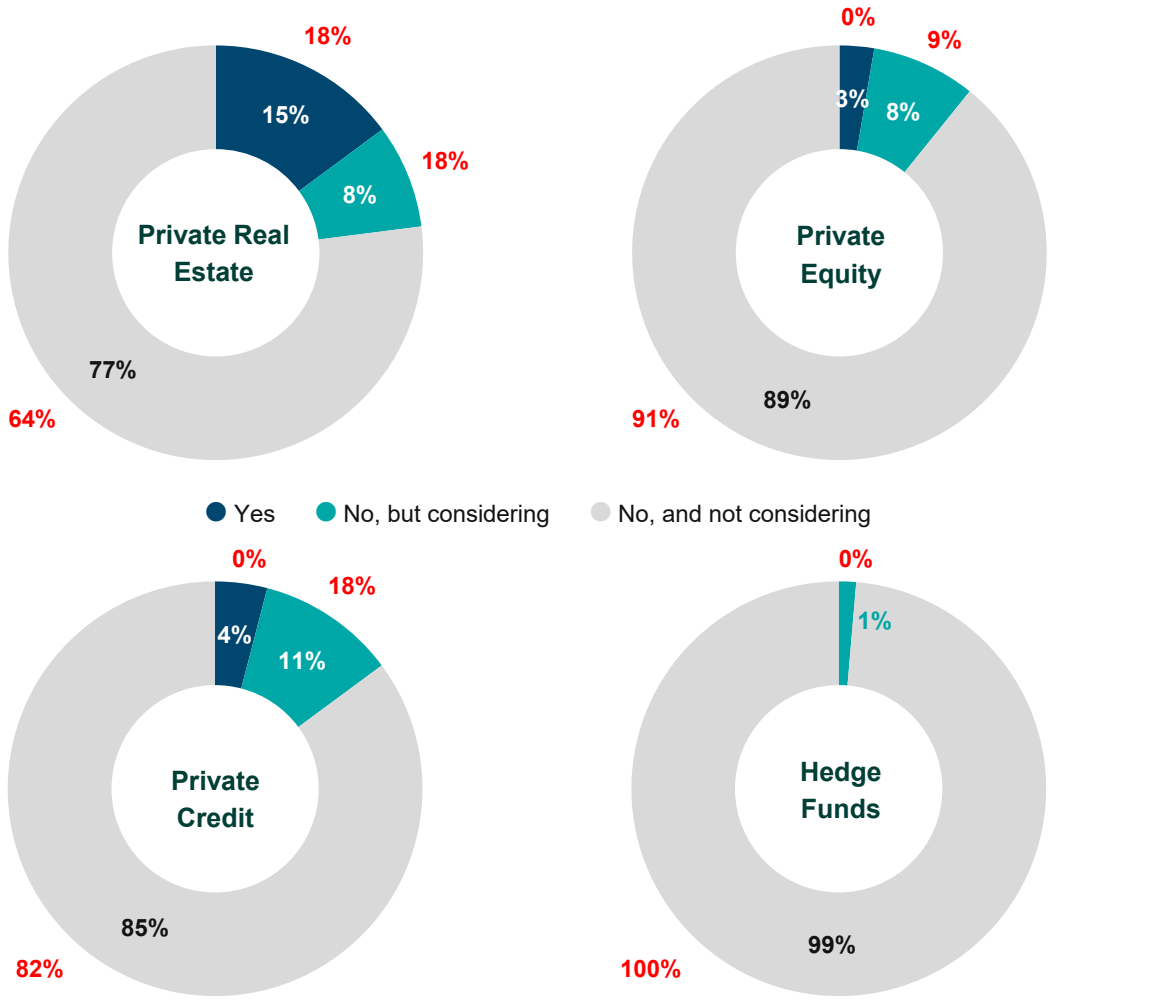
Institutional investors such as defined benefit plans, foundations, and endowments often allocate to alternative investments within the private markets to diversify their exposures to public markets investments.

Among DC plans, private markets investments have not traditionally been offered given factors such as liquidity, valuation, transparency, and fees, among others. One exception is private real estate, which has been a component of both off-the-shelf and custom target date fund glidepaths for some time.

Recently, there has been an increased focus among off-the-shelf target date fund managers around the potential inclusion of other alternative investments—in particular, private equity and private credit—in TDF glidepaths.

In 2025, relatively few respondents reported they currently include or are considering the inclusion of other alternatives in their DC plans' TDFs. 18% said their target date fund series currently has private markets exposure, with most of those having exposure to private real estate.

Alternative Investments Included in DC Plan's Target Date Funds



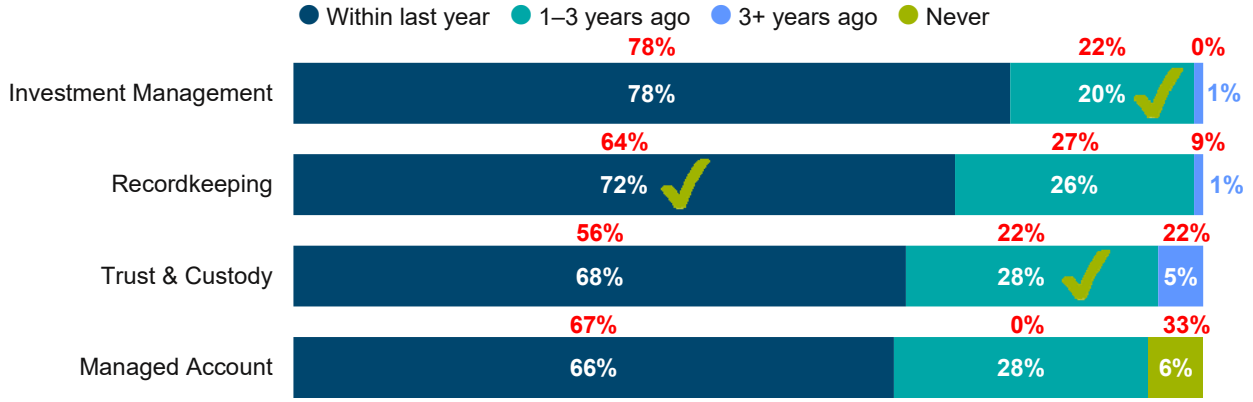
Fee Calculation and Benchmarking

About **7 in 10 plan** sponsors calculated their recordkeeping fees within the past 12 months. Another 26% did so in the past one to three years. Comparatively, 78% calculated investment management fees within the past 12 months—as a major target of litigation, reviewing the investment management fees regularly is considered best practice.

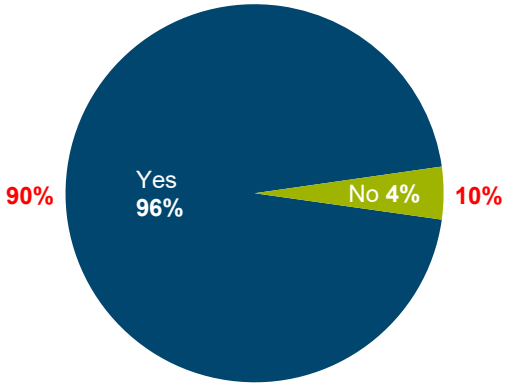
Somewhat lower levels were seen for both trust and custody fees and managed account fees, with 6% of respondents indicating they had never calculated managed account fees.

When calculating fees, 96% of respondents also benchmarked fees, and more than 8 in 10 evaluated sources of indirect revenue (e.g., revenue shared with the recordkeeper from managed accounts, brokerage windows, IRA rollovers, etc.). Evaluating indirect revenue is an increasingly important area for plan sponsors as a component of a comprehensive plan fee review.

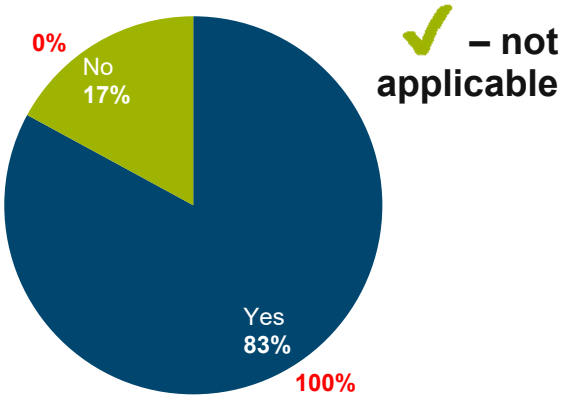
Last Time All-in Plan Fees Were Calculated, by Service Type*



Fees Were Benchmarked When Calculating



Evaluated Indirect Revenue When Reviewing Fees



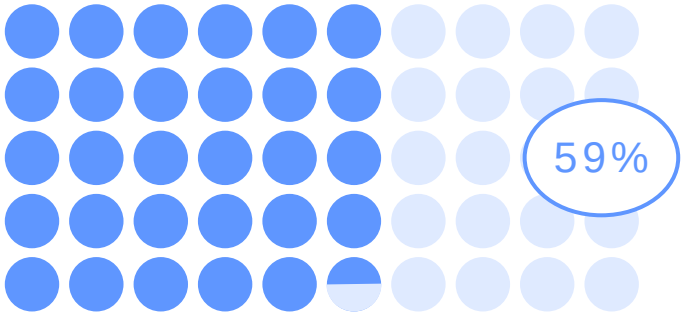
*All-in fees include all applicable administrative, recordkeeping, trust/custody, and investment management fees.

Managed Accounts and Advice: Promotion and Monitoring

Of respondents that offered a managed account service, more than half indicated that their managed account provider actively promotes the service to encourage participation. These forms of promotion could include ads or banners featured on the recordkeeper's website or participant email campaigns.

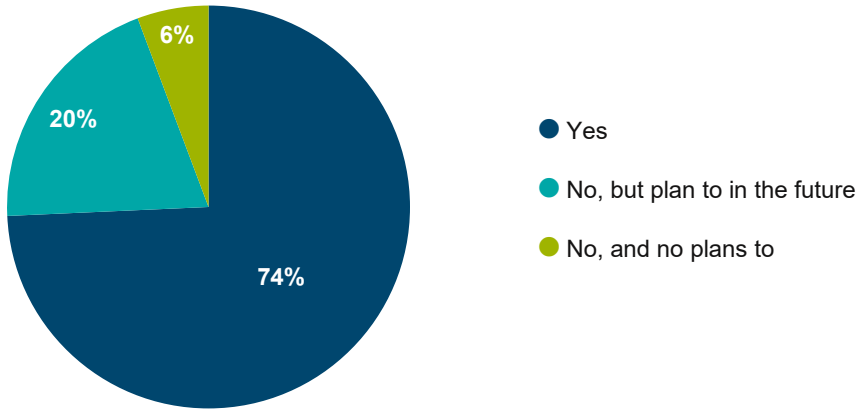
Nearly three-quarters of respondents with managed accounts monitored or benchmarked the outcomes of the service. 20% indicated they plan to do so in the future, and 6% said they have no plans to do so.

Provider Actively Solicited or Campaigned to Encourage Participation



of respondents noted that their managed account providers actively solicited or campaigned to encourage participation in the service

Managed Accounts Services Were Monitored and/or Benchmarked



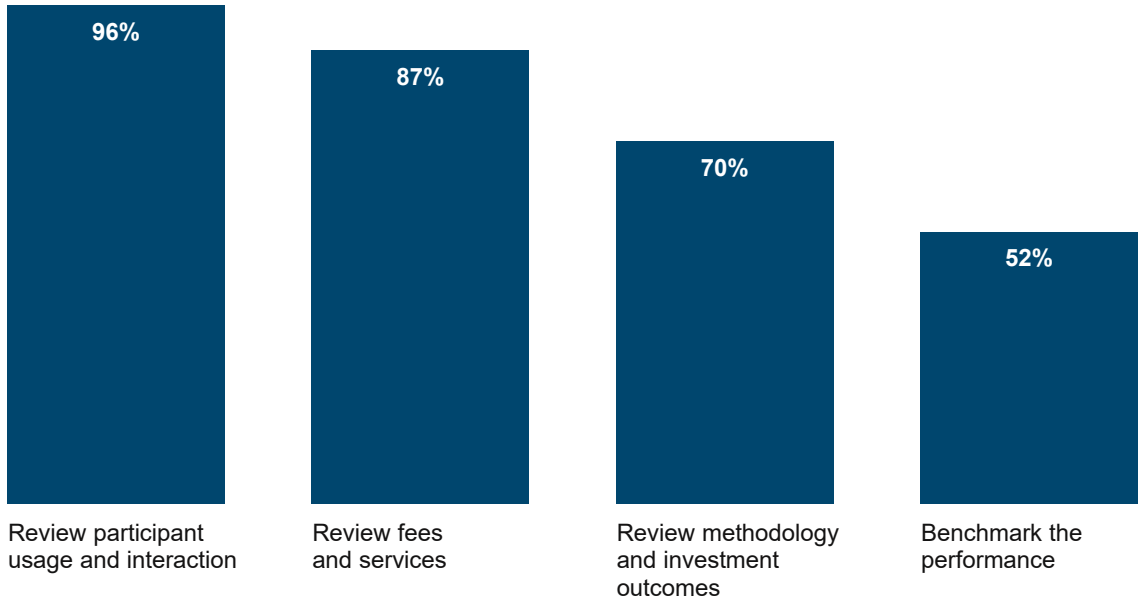
Managed Accounts: Monitoring

Among respondents that monitored their managed account service, more than 90% said they reviewed participant usage and interaction, while more than 80% said they reviewed fees and services.

70% indicated they reviewed the methodology and investment outcomes. Reviewing the methodology is key when selecting (or confirming the selection of) a managed account provider. This process helps plan fiduciaries understand which elements of "personalization"—retirement age, risk profile, outside assets—impact the actual investment recommendations.

About half of respondents indicated they benchmarked the performance of the managed account service. This is arguably one of the more beneficial exercises plan fiduciaries can undertake. Managed account services can be difficult to benchmark on an apples-to-apples basis, as individual participant factors will impact investment allocations. Benchmarking dissimilar participant situations is not a reasonable comparison.

How Managed Accounts Services Are Monitored/Plan to Be Monitored*



*Multiple responses allowed. Note that not all respondents that offer managed accounts responded to this question.

The DOL does not require plan sponsors to provide information to participants on managed account performance or offer standard benchmarks, making it difficult for participants to evaluate whether the additional fees for managed accounts are worth paying.

Similarly, plan sponsors may receive limited information from their managed account provider to adequately review and monitor the performance and outcomes.

Investment Guidance and Advisory Services: Enrollment and Payment

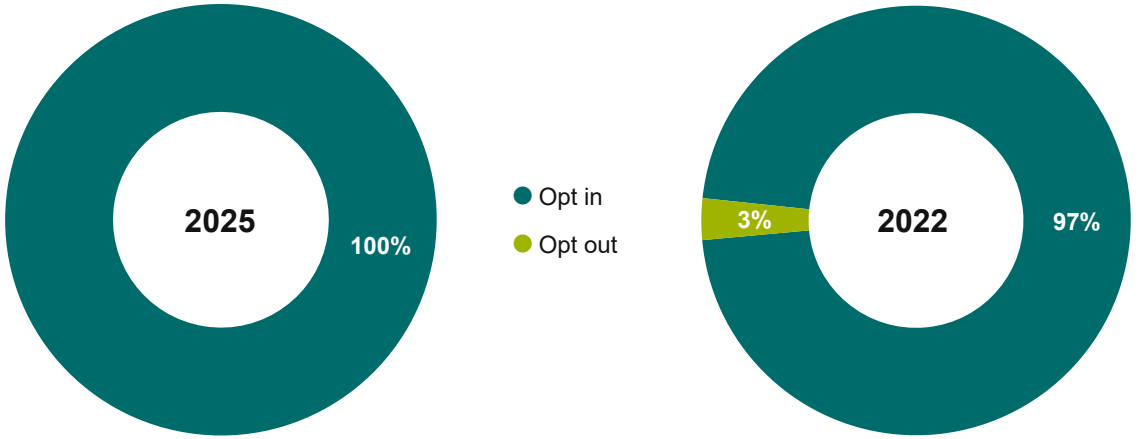
All respondents that offered managed accounts offered them as an opt-in feature whereby participants must affirmatively elect to use the service.

The fees associated with a managed account service are a frequently cited reason for not offering opt-out enrollment. Plan sponsors have the ability to negotiate managed account service fees as utilization increases, and it is considered best practice to benchmark these fees at a regular cadence.

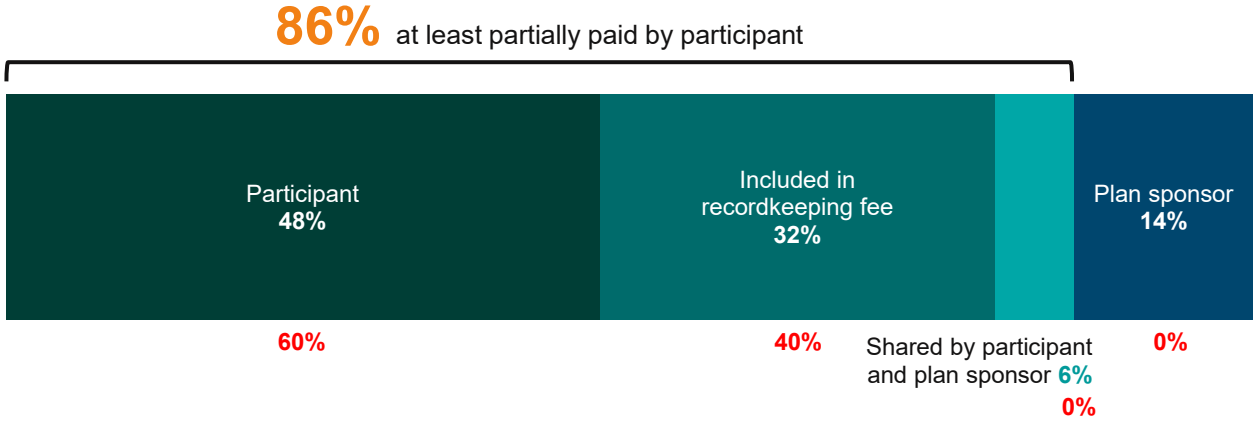
It remained most common for participants to pay for investment advisory services, either explicitly or as part of overall recordkeeping fees.

14% of respondents paid the full expense of investment advisory services, a slight increase from 11% the prior year.

Approach to Enrolling Participants in Managed Accounts



How Investment Guidance or Advisory Services Are Paid*



Reasons for Eliminating Investment Guidance and Advisory Services

Plan sponsors cited a number of reasons to explain why they have considered or would consider eliminating investment guidance and advisory services. The most common was a belief that a target date fund could provide a lower-cost alternative with similar diversification opportunities.

Other frequently cited reasons were cost, the current litigation environment, and difficulty in monitoring.

Reasons for Eliminating Investment Guidance or Advisory Services



	Ranking
Target date fund offers similar diversification opportunities for a lower cost	3.8
Too costly to participants	2.6
Current litigation environment	2.2
Difficulty in monitoring	2.0
Low participant demand/anticipated utilization	1.9
Uncomfortable/unclear about fiduciary implications	1.4
Other	1.3
Difficult to communicate to participants	1.2
Other financial guidance support available outside of the DC plan	1.2

*Additional categories: data security risk (0.8), dissatisfied with available products (0.6), products are not portable (0.5), too costly to plan sponsor (0.5)

(5=Most important. Total ranking is a weighted average score.)

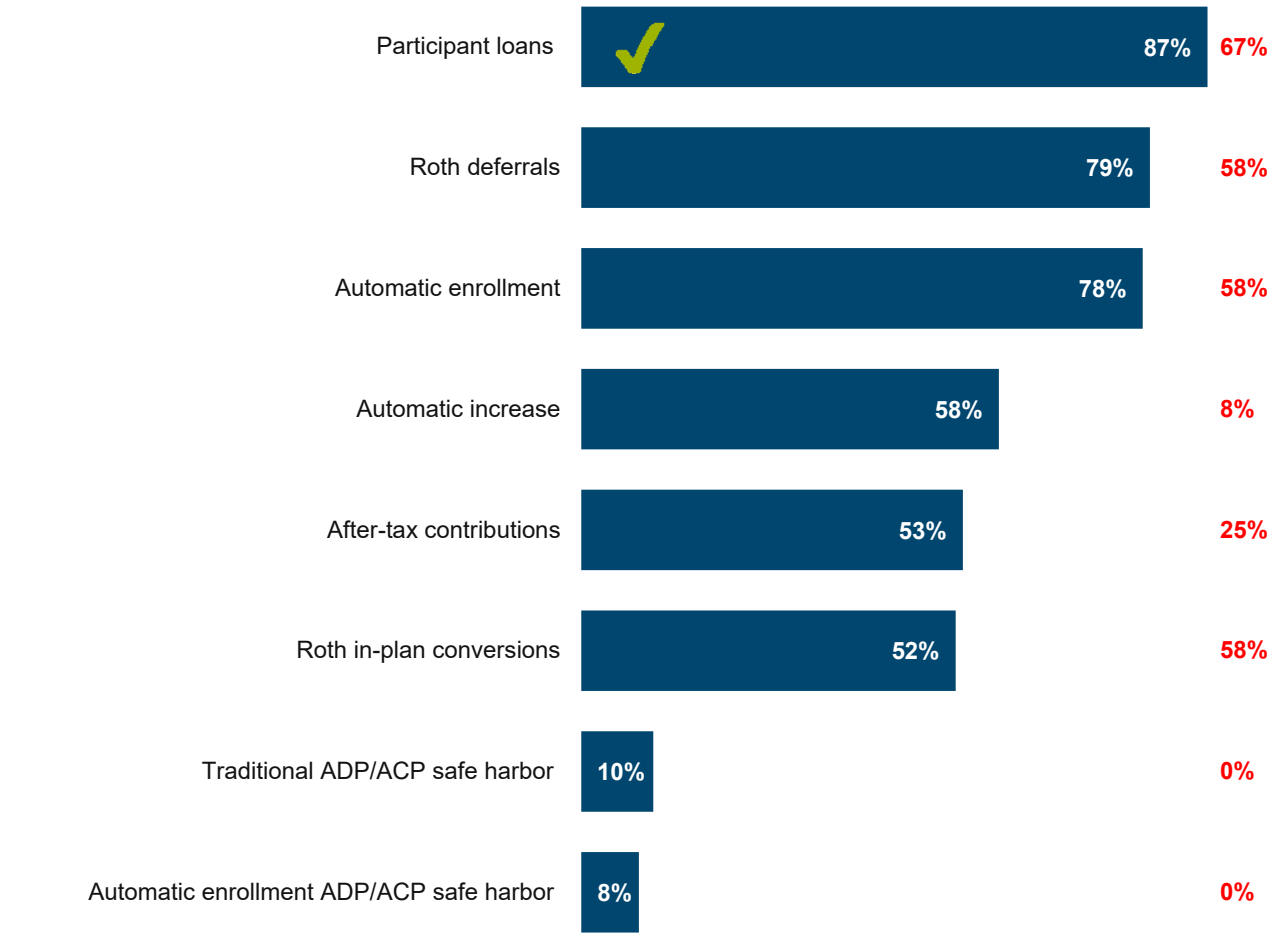
DC Plan Design

Survey respondents noted that Roth deferrals (79%) and automatic enrollment (78%) were the most common enhanced savings features. In 2013, our survey found that only 47% of plan sponsors offered Roth deferrals. Both features were formalized at a federal level by the Pension Protection Act of 2006 (PPA) and have had more than a decade to become majority practice.

Both after-tax contributions (53%) and Roth in-plan conversions (52%) remained at comparable levels to the prior year (both 51%).

87% of respondents allowed participants to take a loan from their DC plan balance.

DC Plan Design Elements Offered*



*Multiple responses allowed.

Re-enrollment

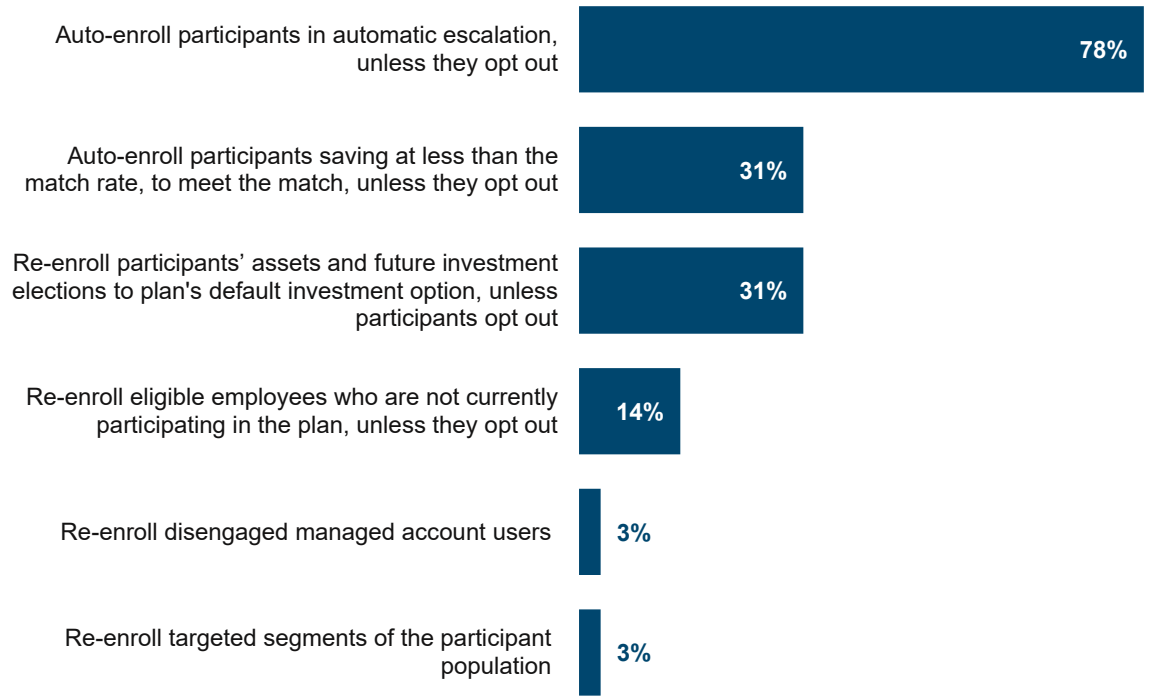
46% of respondents indicated they had conducted some type of re-enrollment in the past.

Among those that had conducted a re-enrollment, the most common method by a wide margin was auto-enrolling participants in automatic escalation (78%).

The next two most common forms of re-enrollment were auto-enrolling participants to meet the match (31%) and asset re-enrolling (31%)—defined as requiring all participants in the plan to make a new fund selection or be defaulted into the plan's default investment option.

Less common forms of re-enrollment were re-enrolling employees not currently participating (14%), re-enrolling disengaged managed account users (3%), and re-enrolling targeted segments of the participant population (3%).

Methods of Re-enrollment*



*Percentages out of those that re-enrolled. Multiple responses allowed.

SECURE 2.0 Act

The SECURE 2.0 Act passed in 2022 had nearly 100 provisions. The most implemented optional provision was increased catch-up contributions for participants aged 60 to 63.

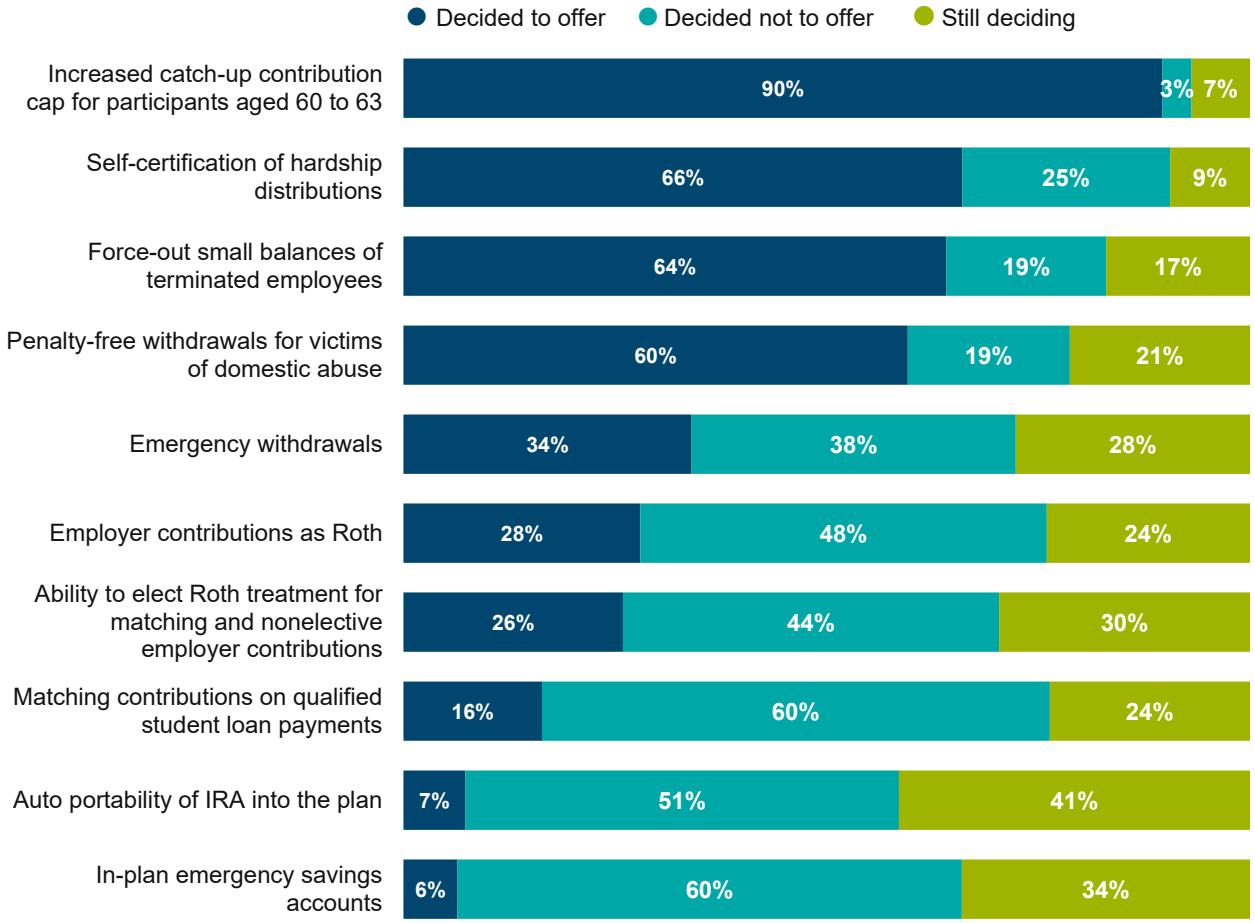
The next most implemented provision was self-certification of hardship withdrawals. This is not surprising as the option had been previously formalized in IRS guidance pre-dating the legislation. Also popular was the small-balance force-out provision for terminated employees.

Respondents indicated relatively little interest in allowing a match in the DC plan for those repaying student debt and in enabling automatic portability of safe harbor individual retirement accounts into the current employer's qualified retirement plan.

Notably, nearly 60% of respondents have decided not to offer in-plan emergency savings accounts, but 34% have made emergency withdrawals available.

✓ decided to offer all, except employer contributions as Roth

SECURE 2.0 Adoption of Optional Provisions



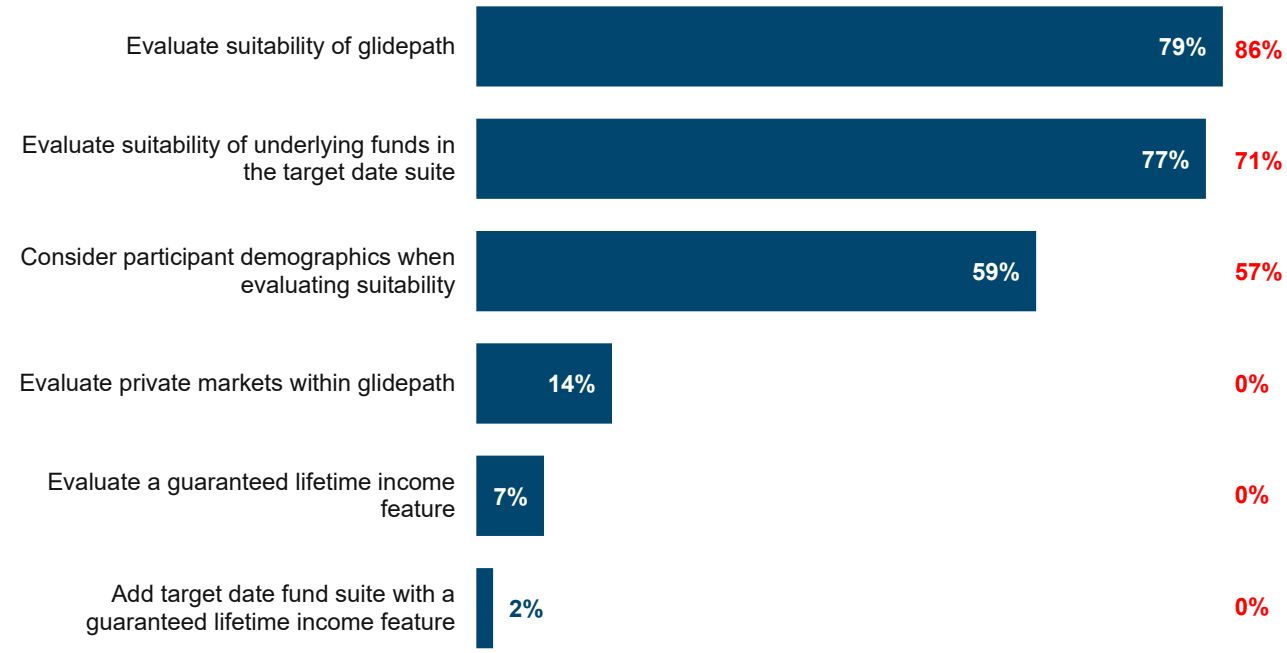
Actions Taken Around Target Date Funds

76% of respondents took at least one action around their target date fund (TDF) offering in 2025. The most common were to evaluate the suitability of the glidepath and the underlying funds. These were also the two most common actions respondents took the prior year.

Because target date funds are typically the default investment option, fund selection and monitoring is often held to a higher standard and should consider additional variables than one may use for other funds—participant demographics, savings rates, and other benefits, among others.

Recently, target date fund investment managers have developed or announced plans to develop products with private markets exposure or a guaranteed income component. In 2025, 14% of respondents indicated they evaluated private markets as a glidepath component, and 7% evaluated a guaranteed lifetime income feature within a TDF structure. Only 2% of respondents began offering a target date series with a guaranteed lifetime income feature in 2025. Plan fiduciaries should consider factors such as product portability as well as whether and what type of income guarantee might be suitable for their participant population.

Actions Taken Regarding Target Date Fund Suite*



Additional categories (Other) = 5%

*Percentages out of those that took action. Multiple responses allowed.

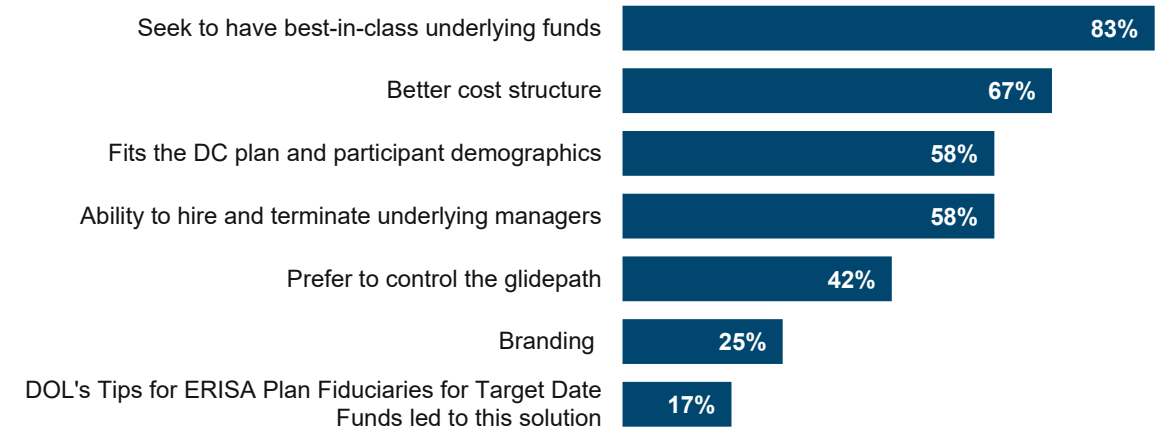
Custom Target Date Funds

16% of all respondents offered custom target date funds, and **17% of governmental respondents offered custom TDFs**.

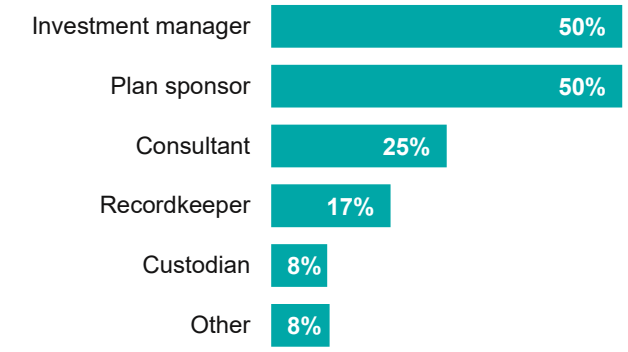
Among those respondents, the most common reasons to do so were a desire to have best-in-class underlying funds and a better cost structure, followed by a glidepath that better fits participant demographics and the ability to hire and replace underlying managers.

Among respondents that offered custom target date funds, the most common party with discretionary control of the glidepath was an investment manager or the plan sponsor, followed by a consultant.

Reason for Custom Target Date Funds*



Discretionary Control of the Glidepath*



*Multiple responses allowed.

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An Empower Update

November 2, 2026

Stephanie O'Dear, Vice President – Government Markets

Dave Ramirez, Managing Director – Government Markets

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Agenda

01 Leadership Pulse

02 Choice 401(k) Plan Performance Insights

03 Modernizing the Retirement Experience

04 What's Next: The New Empower Personal Dashboard

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EMPOWER® Invest well. Live a little.™

Leadership Pulse

Presented by: Stephanie O'Dear, Vice President – Government Markets

Our Commitment to Our Clients



Vision

To transform financial lives through advice, people, and technology

Mission

To empower financial freedom for all

Keeping ahead of industry trends

Closing the coverage gap

Artificial intelligence

Cybersecurity

Data analytics

Income, wellness, and advice

Market consolidation and provider outsourcing

2026

How we're supporting you

1 Consistent performance you can count on

98.8%

High client retention

Proven ability to grow while maintaining service quality

99.9998%

Transaction processing quality

+4,200

average new plan sales annually*

+800,000

average new participants annually*

2 Supporting the full financial journey

Empower Personal Dashboard™ 2.0

Digital Coach

Integrated benefits

Empower Communication Engine evolution

Personalization, advice, and financial wellness

Private markets

3 Focused investments for the future

AI to improve service and insights

Cybersecurity and account protection

Expanded capabilities in consumer-directed health

Streamlined and simplified plan administration

Focus on efficiency to keep costs competitive

* Data represents the average across Empower's total business from the 2023-2025 timeframe.

How our Empower values come to life

CUSTOMER OBSESSED

We do the right thing

Client service and satisfaction are core to our DNA

- "World class" NPS five years running[1]
- **98.8%** client-retention rate[2]

Continued journey to Six Sigma quality



9.8/10 payroll processing overall satisfaction

ACCOUTABLE

We own it

Ease of doing business

- Case Management

Continuously invest in cybersecurity and account protection

1. We own our modern, server-based, cloud-hosted recordkeeping platform, with data stored in the U.S.
   - Clean/unqualified SOC 2 report five consecutive years
   - Meet and exceed DOL cybersecurity best practices
   - Earned Verizon Cyber Risk Program Certified Enterprise for 10+ years[3]
2. Empower has not experienced a cybersecurity breach.
3. Our Empower Security Guarantee is unique in that we have no eligibility requirements.

GROWTH MINDSET

We lead

The Innovation Lab

Increase participant engagement with advice, digital, and human-touch experiences

Build brand awareness

1 Net Promoter Score (NPS) measures customer experience. According to Bain & Co., the creator of the NPS, NPS above 20 is considered favorable, above 50 is excellent, and above 70 is world class. NPS data as of April 30, 2025.

2 Empower data as of March 31, 2025.

3 "Empower cybersecurity: Protecting your plan," February 2024.

How our Empower values come to life

CONSTANTLY IMPROVING

We simplify

Deliver product innovation

- **Investments and retirement**
  - Institutional separate accounts (ISAs)
  - Retirement income
- **Portability and integration**
  - Pension integration through Empower TRSFlex
  - Portability Services Network
- **Digital experience**
  - NEW Empower Personal Dashboard

INCLUSIVE

We collaborate

Remain employer of choice[1]

11.2%

contact center voluntary attrition





7.4%

total enterprise voluntary attrition

268K

applications for **3.3K** open positions

1 Empower data as of December 31, 2025.

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EMPOWER®

Invest well. Live a little.™

The Innovation Lab is elevating experiences — responsibly

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Our Innovation Lab

Lab mission
Ignite innovation by testing new capabilities, accelerating new technologies, and differentiating the customer experience through safe and transparent exploration.

Lab vision
To lead the industry in advancing cutting-edge capabilities that redefine financial freedom.



De-risk through experimentation

Transformational exploration

Drive thought leadership

Scale innovation

Execute brilliantly

Exploring smarter experiences with AI – with a focus on responsibility

Responsible AI framework

1

Hyper-personalized experiences to deepen engagement and improve outcomes

2

Efficient participant servicing because time is our most precious resource

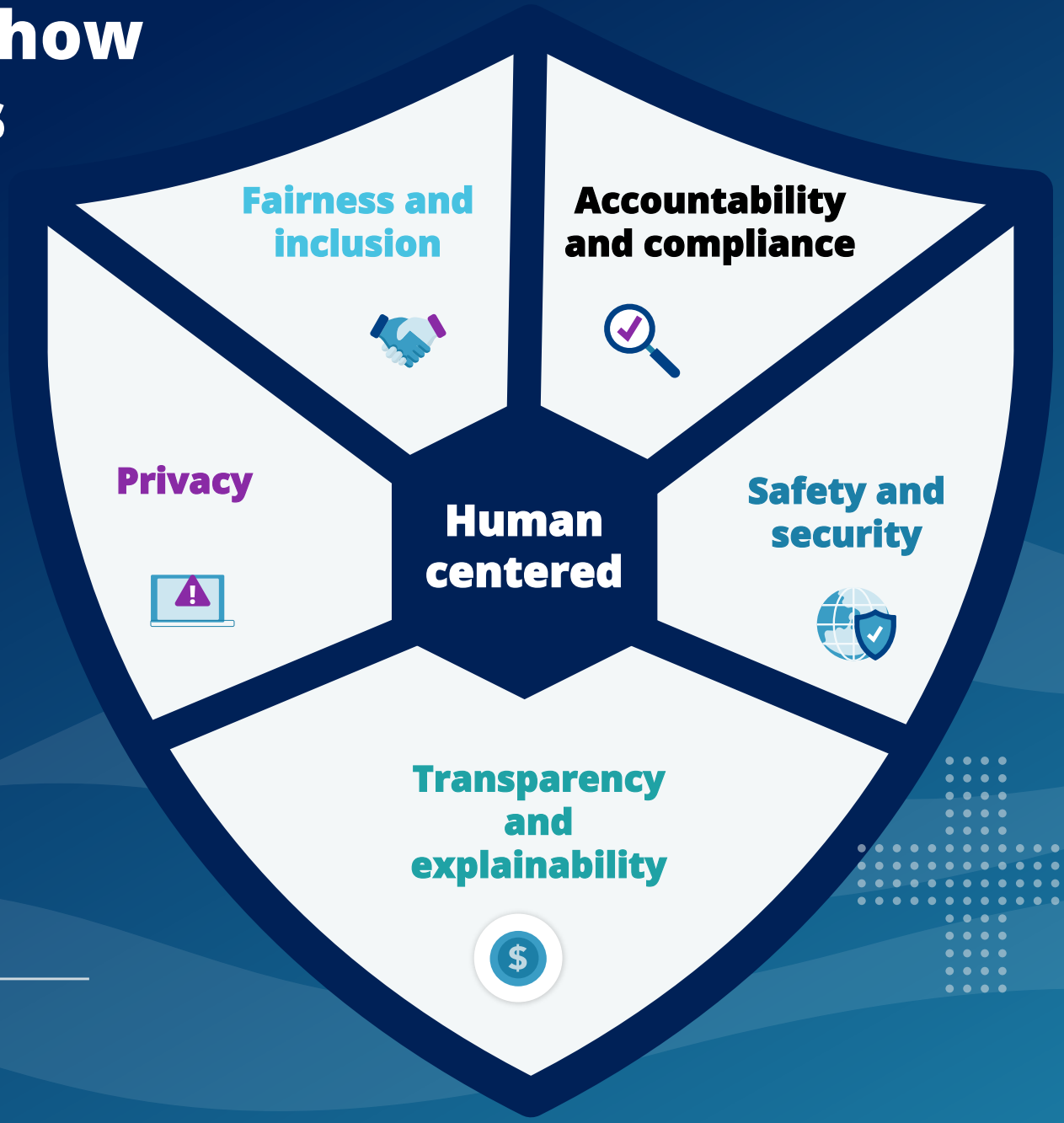
3

Strengthened security to safeguard everyone's data and assets as technologies evolve

All examples are hypothetical and are being researched, evaluated, and tested to validate potential opportunity and applicability to Empower.

Responsible AI is core to how we pursue AI capabilities





Our community and insights can support your benefits strategy

Empower Exchange

Timely webinars to help plan sponsors learn about trends impacting their industries and share best practices with one another

EMPOWER EXCHANGE

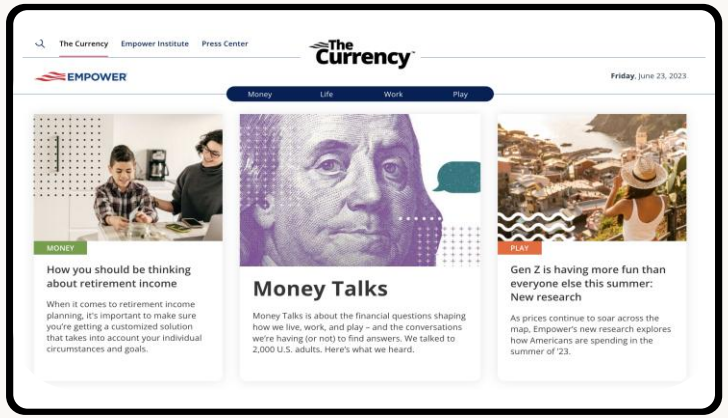
Empowering America's Financial Journey™

Data-based thought leadership that provides plan sponsors with insights into participants' retirement and financial planning needs



The Currency™

Online resource and newsletter for individuals exploring the questions and answers transforming life, work, and play in America



EMPOWER Invest well. Live a little.™

Plan performance insights

PERSI Choice 401(k) Plan

As of FY ending 6/30/2026

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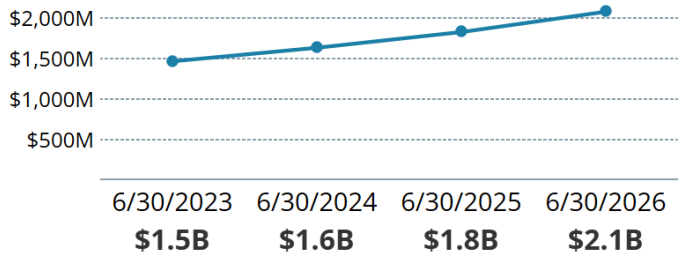
Assets and participants

As of 6/30/2026

Participant assets

$2,079,357,051

Trending

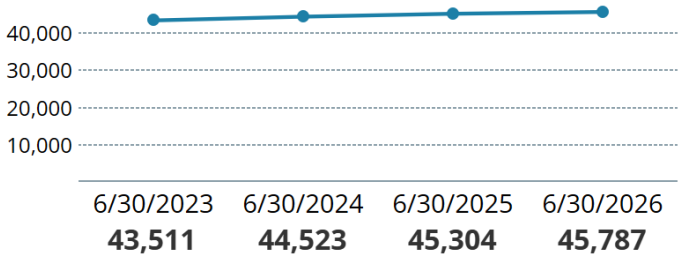


Plan-level assets	**$679,279**
Total assets	**$2,080,036,329**

Participants with a balance

45,787

Trending



Active participants with a balance	**27,690**
Separated from service participants with a balance	**18,097**

Overview

The assets and participant counts presented are effective as of period end. The assets do not reflect any adjustments, dividends, corrections, or similar that are processed after period end.

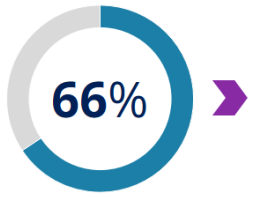
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Account registration and protection

As of 8/31/2026

The insights below are based on all participants with a balance, regardless of their eligibility and employment status. The account registration and login activity is inclusive of both the website and the mobile app.

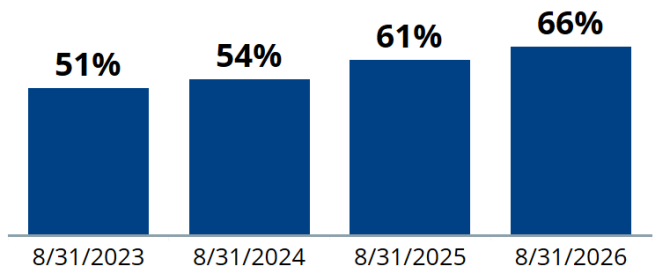
Percent of registered accounts



18,980 out of **27,650** active participants

11,162 out of **18,252** separated from service participants

Trending



Participants missing contact information

Participants with missing contact information by registration status

	Registered participants	Not registered participants
! No phone and no email[1]	30 (0.1%)	2,283 (14.5%)
No personal email	2,278 (7.6%)	14,776 (93.8%)
No work email	2,193 (7.3%)	5,999 (38.1%)
No mobile phone	1,635 (5.4%)	14,830 (94.1%)
No home phone	5,380 (17.8%)	4,662 (29.6%)

Login activity

Most recent login

	Participants with a balance
! Never logged in	15,760 (34.3%)
Within past month	1,168 (2.5%)
1-6 months ago	13,965 (30.4%)
7-12 months ago	6,171 (13.4%)
More than 12 months ago	8,838 (19.3%)

[1]Phone and email considers mobile and home phone, international phone numbers, and work and personal email

Cash flow

As of 6/30/2026

Year-to-date participant activity summary[1]

Total contributions	Disbursements	Net Activity
$59,977,280	-$61,337,191	($1,359,911)

Impact on balances

	7/1/2022 - 6/30/2023	7/1/2023 - 6/30/2024	7/1/2024 - 6/30/2025	7/1/2025 - 6/30/2026
Beginning balance	$1,317,212,465	$1,468,781,270	$1,635,680,731	$1,828,990,715
Contributions	$100,535,111	$107,482,764	$117,304,906	$118,677,117
Disbursements	-$76,986,986	-$90,561,573	-$104,604,358	-$125,528,245
Fees[2]	-$2,263,387	-$2,245,676	-$2,407,116	-$2,558,141
Loans issued	-$5,746,776	-$6,800,805	-$6,583,221	-$6,996,628
Loan payments	$4,110,348	$5,082,277	$5,899,975	$6,495,458
Other[3]	-$22,155	$0	$0	$0
Change in value	$131,942,525	$153,942,474	$183,699,797	$260,276,774
Ending Balance	**$1,468,781,270**	**$1,635,680,731**	**$1,828,990,715**	**$2,079,357,051**

Overview

Cash flow illustrates the inflows and outflows of dollars from participant accounts along with the impact that those flows have on participant balances. All actively employed and separated from service participants are included.

[1]The year-to-date period begins when the plan is loaded onto the recordkeeping system. Therefore, the year-to-date period may not include all months for plans that were recently added.

[2]Fees may include but are not limited to: transactional and plan administrative fees.

[3]Other includes 'Transfer In', 'Transfer Out', 'Adjustments'

Contribution activity

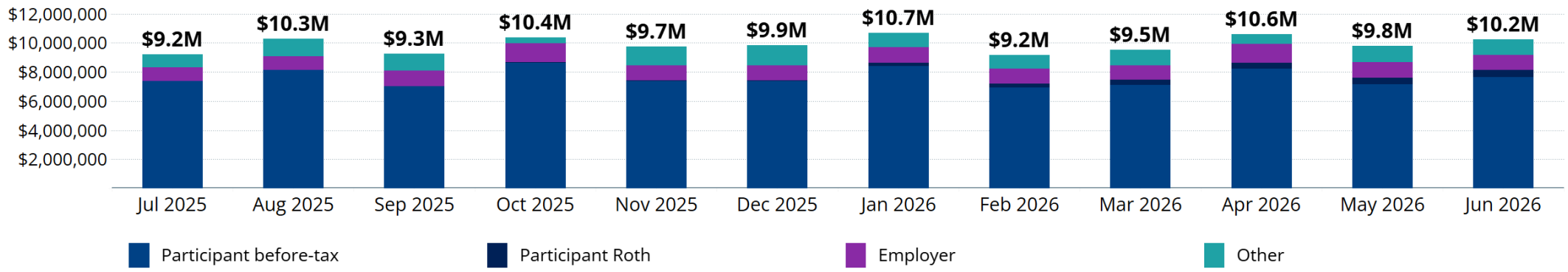
As of 6/30/2026

The contribution activity details show the total of all contributions into participant accounts, excluding loan payments. Participant payroll contributions are categorized by their money type. Any employer contributions and any non-payroll contributions are separated into their own categories. Non-payroll contributions are reflected in the *Other* category and include rollovers, transfers, and other miscellaneous contributions.

Total contributions at-a-glance[1]

	Participant before-tax	Participant Roth	Employer	Other	Total
Year to date	$45,466,289	$2,125,296	$6,527,617	$5,858,077	$59,977,280
Rolling 12 months	$91,388,966	$2,247,975	$12,797,878	$12,242,298	$118,677,117

Total contribution amounts by month



[1]The year-to-date and rolling 12 month periods begin when the plan is loaded onto the recordkeeping system. Therefore, the periods may be less than indicated for plans that were recently added.

Distribution activity

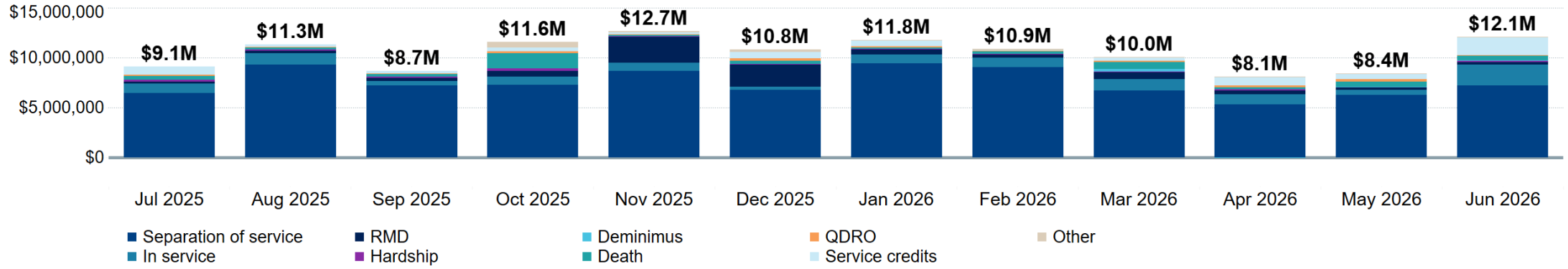
As of 6/30/2026

The distribution activity details below show the activity for all actively employed and separated from service participants

Distribution activity at-a-glance[1]

		Separation of service	RMD	In service	Hardship	Deminimus	Service credits	QDRO	Death	Other	Total
Year to date	Amount	**$43.9M**	**$2.5M**	**$6.6M**	**$560.8K**	**$264.8K**	**$4.3M**	**$679.6K**	**$2.3M**	**$318.9K**	**$61.3M**
	Transactions	3,384	1,409	299	148	667	68	35	242	20	6,272
Rolling 12 months	Amount	**$89.6M**	**$8.7M**	**$11.0M**	**$1.3M**	**$264.8K**	**$6.8M**	**$1.4M**	**$5.2M**	**$1.3M**	**$125.5M**
	Transactions	6,643	5,598	536	289	667	132	89	496	79	14,529

Total distribution amounts by month



[1]The year-to-date and rolling 12 month periods begin when the plan is loaded onto the recordkeeping system. Therefore, the periods may be less than indicated for plans that were recently added.

Loans

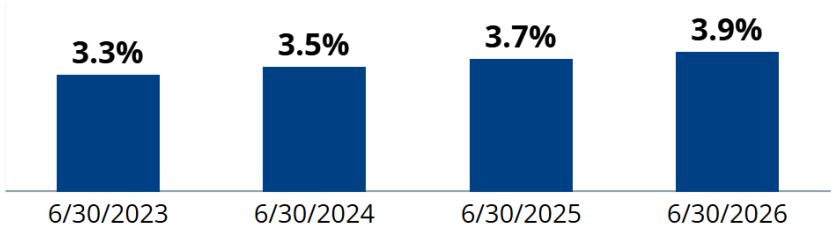
As of 6/30/2026

Population of participants with a loan

Percent of participants	Benchmark	Top 10%
3.9%	15.4%	6.4%

The percent of participants with a loan for your plan is based on the **45,787** participants with a balance as of month end.

Population of participants with a loan over time



Loans at-a-glance

	6/30/2023	6/30/2024	6/30/2025	6/30/2026
Average loan balance	$7,529	$8,212	$8,303	$8,401
# of outstanding loans	1,416	1,547	1,673	1,782
# of participants with a loan	1,416	1,547	1,673	1,782
Total amount of outstanding loans	$10,661,337	$12,704,686	$13,891,352	$14,971,455
# of outstanding standard loans	1,367	1,495	1,623	1,731
# of outstanding residential loans	49	52	50	51
# of participants with multiple loans	0	0	0	0

Overview

The loan information reflects all outstanding loans for actively employed and separated from service participants. Outstanding loan amounts include new loans issued for the given time period. Loans that have been categorized as a distribution are not included.

Did you know?

The Empower Personal Dashboard includes resources to help balance financial priorities, including budgeting and creating an emergency fund.

Asset allocation by fund

The balances reflected are based on all actively employed and separated from service plan participants. The participant balances do not include any outstanding loan amounts.

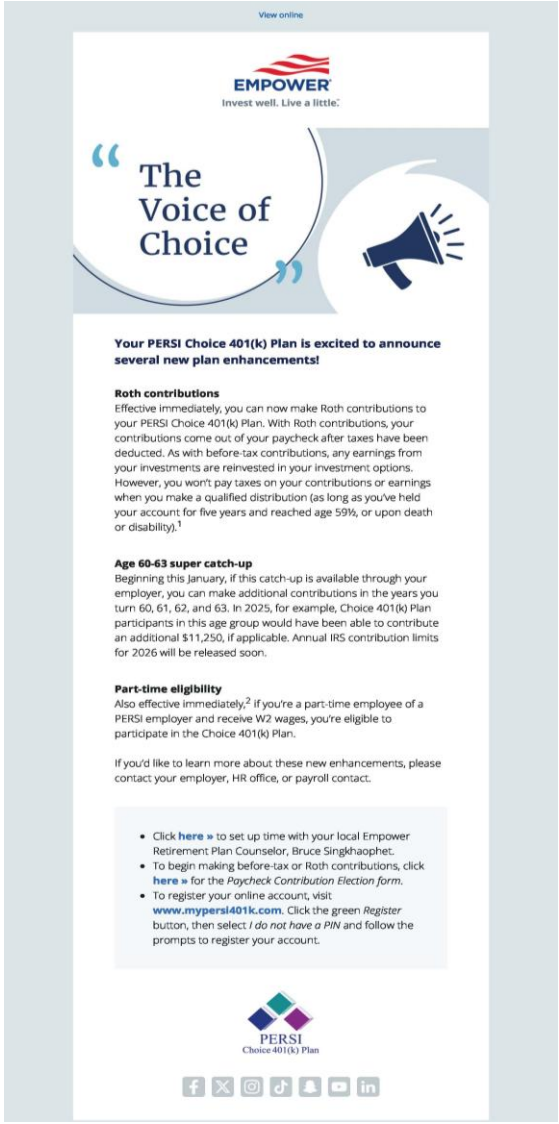
		As of 6/30/2025			As of 6/30/2026		
Asset class	**Investment option**	**Total balance**	**% of total**	**Participants**	**Total balance**	**% of total**	**Participants**
Balanced	Calvert Balanced R6	$15,607,277	0.85%	1,419	$17,448,256	0.84%	1,707
	PERSI Total Return Fund	$1,390,295,534	76.01%	43,512	$1,536,760,189	73.91%	43,721
Bond	Dodge & Cox Income Fund Class X	$17,016,743	0.93%	1,022	$16,680,725	0.80%	1,074
	U.S. Bond Market Index Fund	$13,931,677	0.76%	1,207	$13,967,591	0.67%	1,309
	U.S. TIPS Index Fund	$6,172,334	0.34%	432	$6,729,273	0.32%	531
Capital Preservation	PERSI Short-Term Investment Portfolio	$49,246,034	2.69%	1,530	$49,233,010	2.37%	1,598
International Equity	DFA Emerging Market Core Equity 2 Port I	$1,135,590	0.06%	230	$4,247,977	0.20%	529
	International Equity Index Fund	$17,721,934	0.97%	1,560	$25,011,838	1.20%	2,006
	T. Rowe Price Overseas Stock I	$956,783	0.05%	234	$2,240,897	0.11%	481
Large Cap	U.S. Large Cap Equity Index Fund	$125,092,298	6.84%	4,032	$161,130,229	7.75%	4,678
	Vanguard Growth & Income Adm	$105,805,030	5.78%	4,039	$138,111,472	6.64%	4,702
Mid Cap	U.S. Small/Mid Cap Equity Index Fund	$41,305,907	2.26%	2,736	$54,138,619	2.60%	3,040
Small Cap	T. Rowe Price Instl Small-Cap Stock	$38,978,956	2.13%	2,475	$46,626,702	2.24%	2,544
Specialty	U.S. REIT Index Fund	$5,724,619	0.31%	901	$7,030,273	0.34%	938

EMPOWER® Invest well. Live a little.™

Modernizing the Retirement Experience

More Access, More Options, Less Complexity

- **Simplifying Administration (effective 7/1/25)**
  - Direct Employer-to-Empower payroll contributions submission
    - Employer transition guide distributed
- **Expanding Savings Opportunities (effective 1/1/26)**
  - Roth contributions
    - 1,097 participants with a Roth contribution equaling 4% of payroll contributions (as of 6/30/26)
  - Roth Catch Up Contributions for High Earners
  - Enhanced Catch Up Contributions for Ages 60 - 63
- **Broadening Access (effective 1/1/26)**
  - Expanded eligibility for part-time employees



View online

EMPOWER
Invest well. Live a little.

The Voice of Choice

Your PERSI Choice 401(k) Plan is excited to announce several new plan enhancements!

Roth contributions
Effective immediately, you can now make Roth contributions to your PERSI Choice 401(k) Plan. With Roth contributions, your contributions come out of your paycheck after taxes have been deducted. As with before-tax contributions, any earnings from your investments are reinvested in your investment options. However, you won't pay taxes on your contributions or earnings when you make a qualified distribution (as long as you've held your account for five years and reached age 59½, or upon death or disability).[1]

Age 60-63 super catch-up
Beginning this January, if this catch-up is available through your employer, you can make additional contributions in the years you turn 60, 61, 62, and 63. In 2025, for example, Choice 401(k) Plan participants in this age group would have been able to contribute an additional $11,250, if applicable. Annual IRS contribution limits for 2026 will be released soon.

Part-time eligibility
Also effective immediately,[2] if you're a part-time employee of a PERSI employer and receive W2 wages, you're eligible to participate in the Choice 401(k) Plan.

If you'd like to learn more about these new enhancements, please contact your employer, HR office, or payroll contact.

- Click **here »** to set up time with your local Empower Retirement Plan Counselor, Bruce Singkhaophet.
- To begin making before-tax or Roth contributions, click **here »** for the *Paycheck Contribution Election form*.
- To register your online account, visit **www.mypersi401k.com**. Click the green *Register* button, then select *I do not have a PIN* and follow the prompts to register your account.

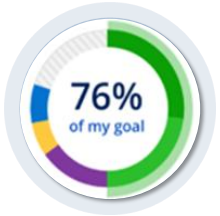
PERSI
Choice 401(k) Plan

EMPOWER® Invest well. Live a little.™

What's Next: The New Empower Personal Dashboard

We constantly innovate to address the evolving trends and needs of our customers

Demystifying retirement income



Lifetime Income Score™ translates investment pie charts into income paychecks.

Social comparison



Peer comparison answers “How am I doing?” vs millions of “savers like me” to spur savings.

Personalized health



Personalized health apps on the rise.

Health Cost Estimator connects health and wealth to drive savings.

Wearable engagement



Bringing finance to the small screen.

People stay in control right from your watch

Timely advice



Delivering one-on-one advice when people are most in need: Dynamic Retirement Manager

A holistic view



Retirement, net worth, and real-time budgeting in one dashboard helps improve savings.

Today, investors are facing new financial challenges.

Cluttered finances

Americans average **5.3 financial accounts** across multiple institutions, with 21% at 8 or more.

57% of workers say disorganized finances increase their stress.

Competing priorities

60% of Americans set financial goals.

Yet 2 in 5 (39%) don't regularly check progress.

38% say they aren't sure where to start.

Lack of guidance

41% of workers need direction on workplace savings and benefit choices.

50%+ of millennials/Gen Z use AI for quick tips.

35% say they made questionable decisions based on the information.

"Clarity is the New Currency, 2026 Personal Finance Experience Study," Empower

Empower's "2026 Personal Finance Experience Study" is based on online survey responses from 1,018 working Americans ages 18+, collected from December 17–19, 2025. The results have been weighted to be nationally representative of all working U.S. adults.

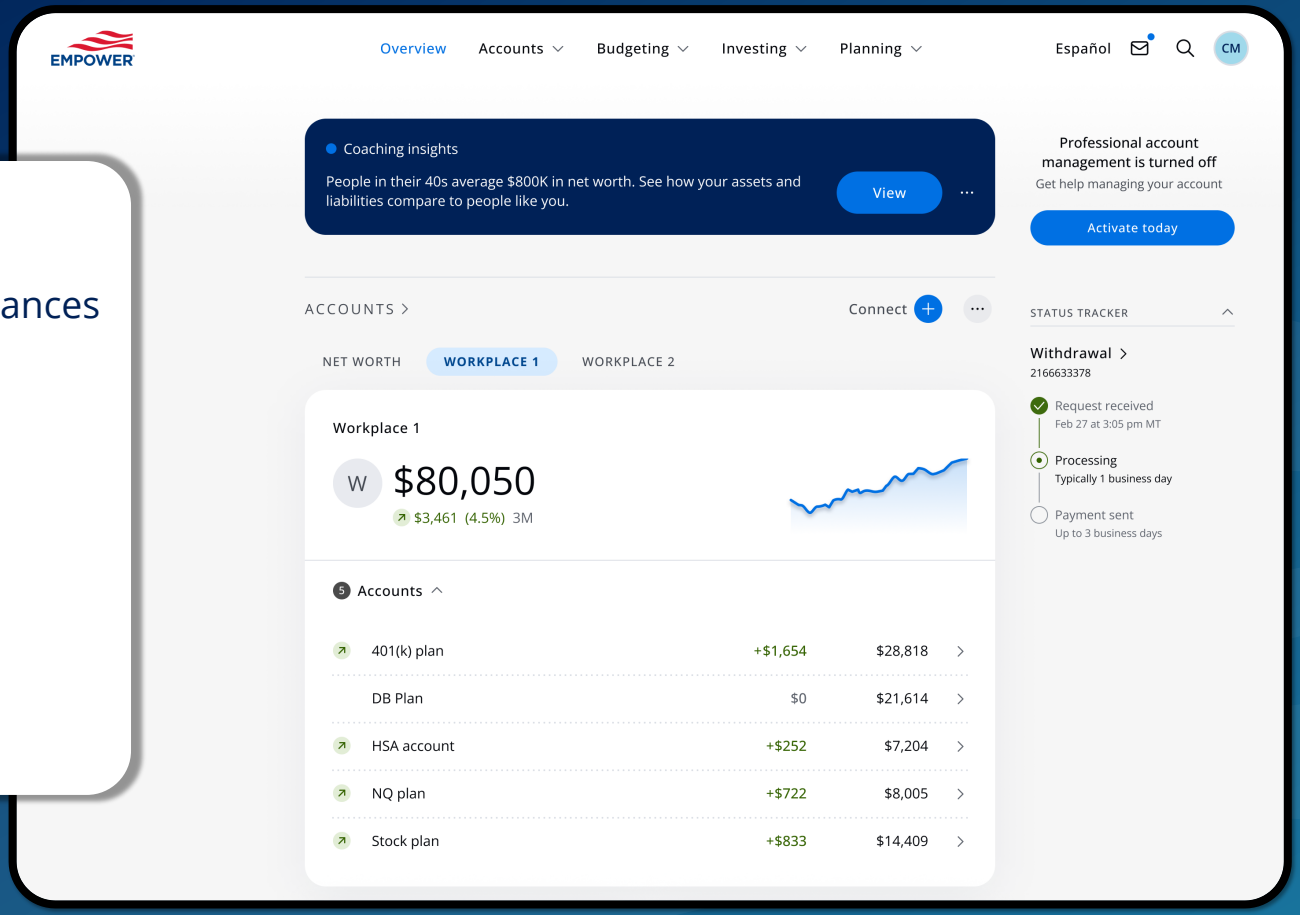
The New Empower Personal Dashboard

Evolving to address individuals' changing needs

Clearing out the financial clutter
A unified experience: benefits, wealth and personal finances

Bringing clarity to financial health
Simplified visuals: areas for attention and action

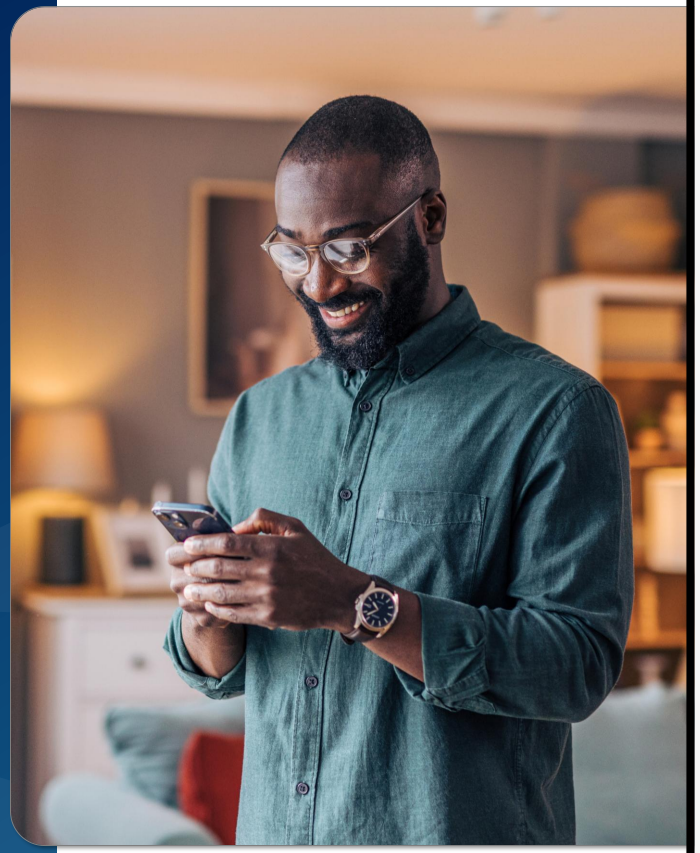
Guidance at every step
Coaching insights help individuals gain confidence

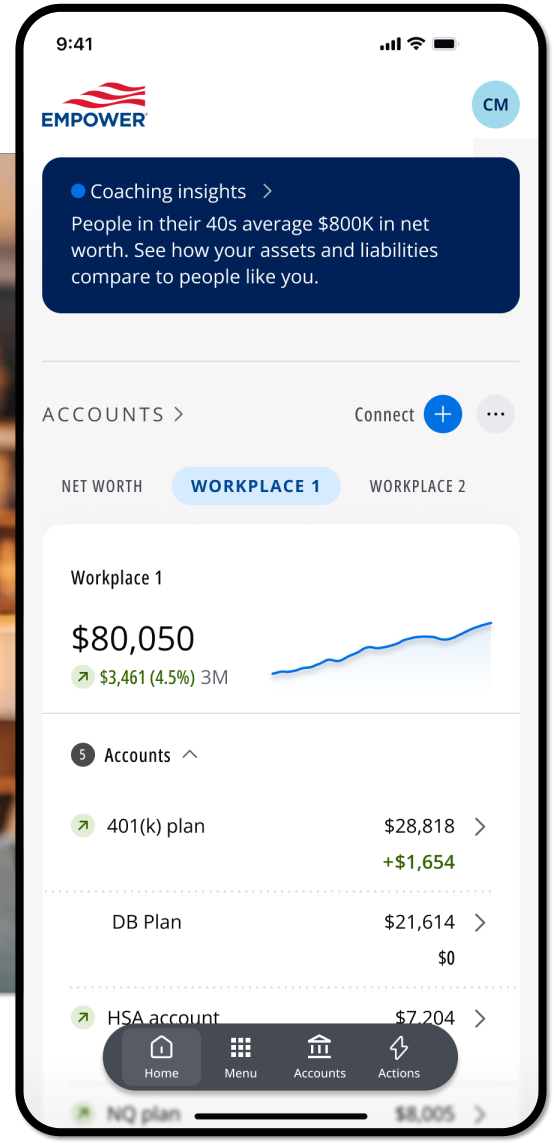


Cleaning out the financial clutter

A unified experience with benefits, wealth and finances all in one place.

- A clear and simplified layout guides users through key areas of focus.
- Participants can instantly access their entire financial picture in one clear view.
- An enhanced streamlined benefits experience designed to help yield higher engagement.

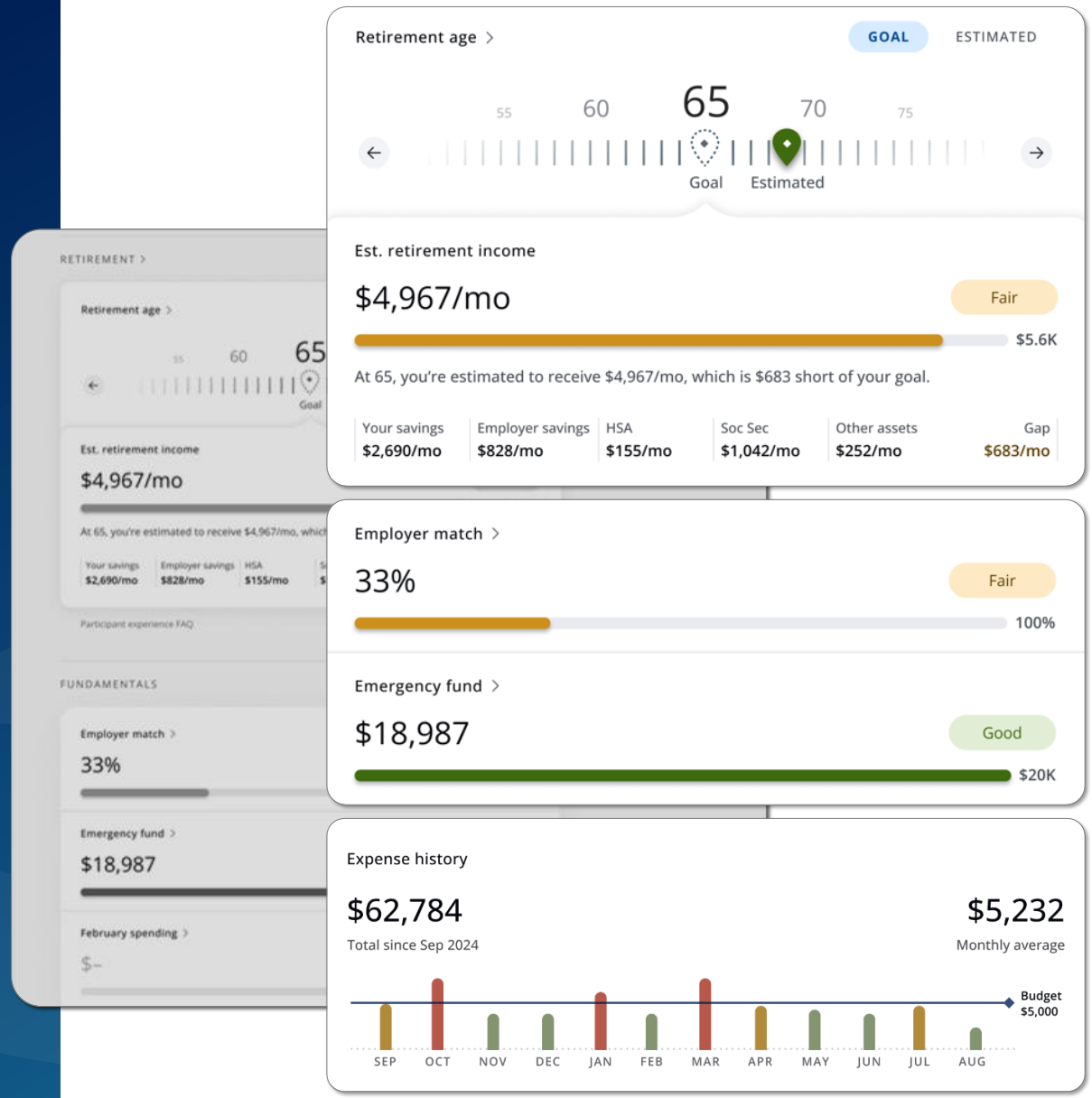




Bringing clarity to financial health

Simplified visuals help identify financial areas most in need of attention or action

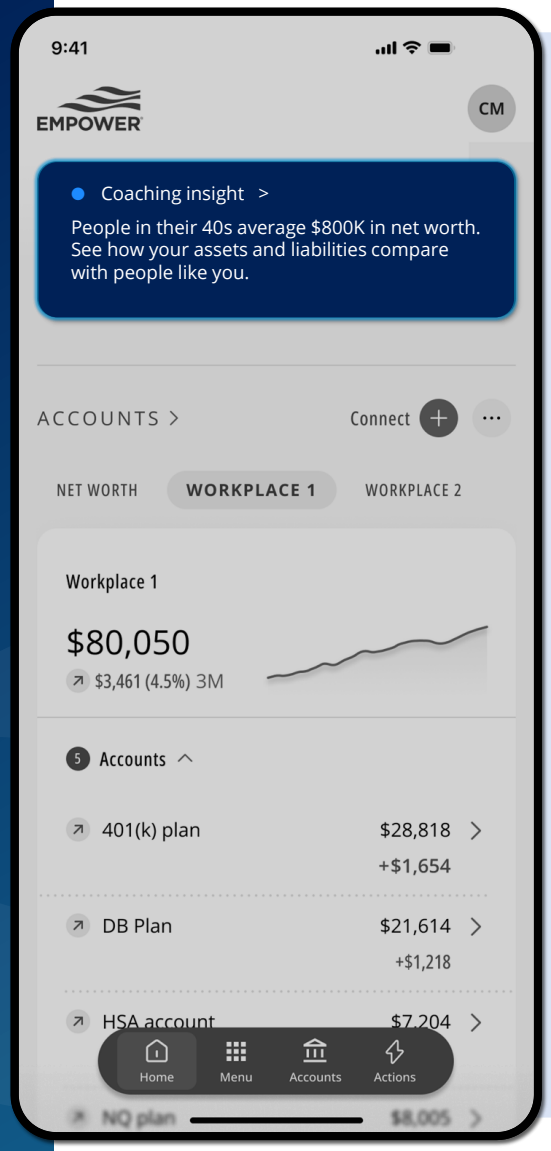
- Financial health indicators visually color code finances to make progress easy to understand.
- Encourage positive financial behavior through simple visible feedback.
- Financial tools help users understand their financial situation and take action.



Guidance at every step of the way

Coaching insights help people gain confidence

- Coaching insights are based on the individuals' personal preferences, habits and behaviors.
- Insights help prioritize financial gaps or needed areas of improvement.
- Insights are immediately actionable at a tap or a click.



Coaching insight >
Every retirement journey is different. But no matter your age, the right plan can get you there.

Coaching insight >
Are you maximizing your savings? Review your plan with what-if scenarios for age, savings rate, retirement goals and more.

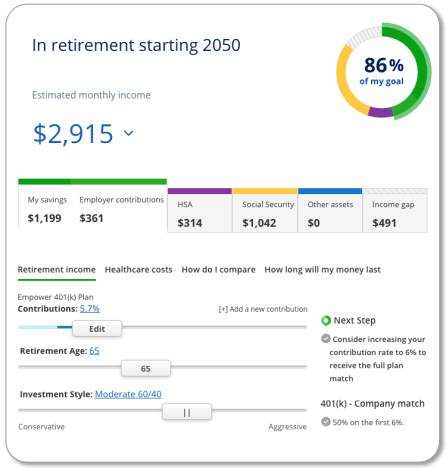
Coaching insight >
Here's the million-dollar question: How much should you save for retirement? Let's take a look.

Coaching insight >
Now that you're 50, you can contribute $7,500 extra to your employer's 401(k).

Coaching insight >
It's been 6 months since you last updated your retirement goal. Has anything changed?

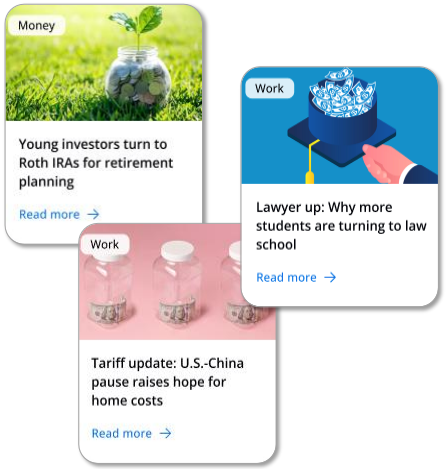
Helping individuals make more informed decisions

Lifetime Income Analysis Tool



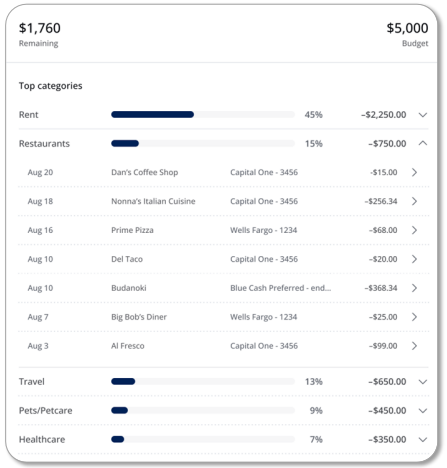
Customers use their retirement age and income to see if they are on track to meet their goals.

Education Widget



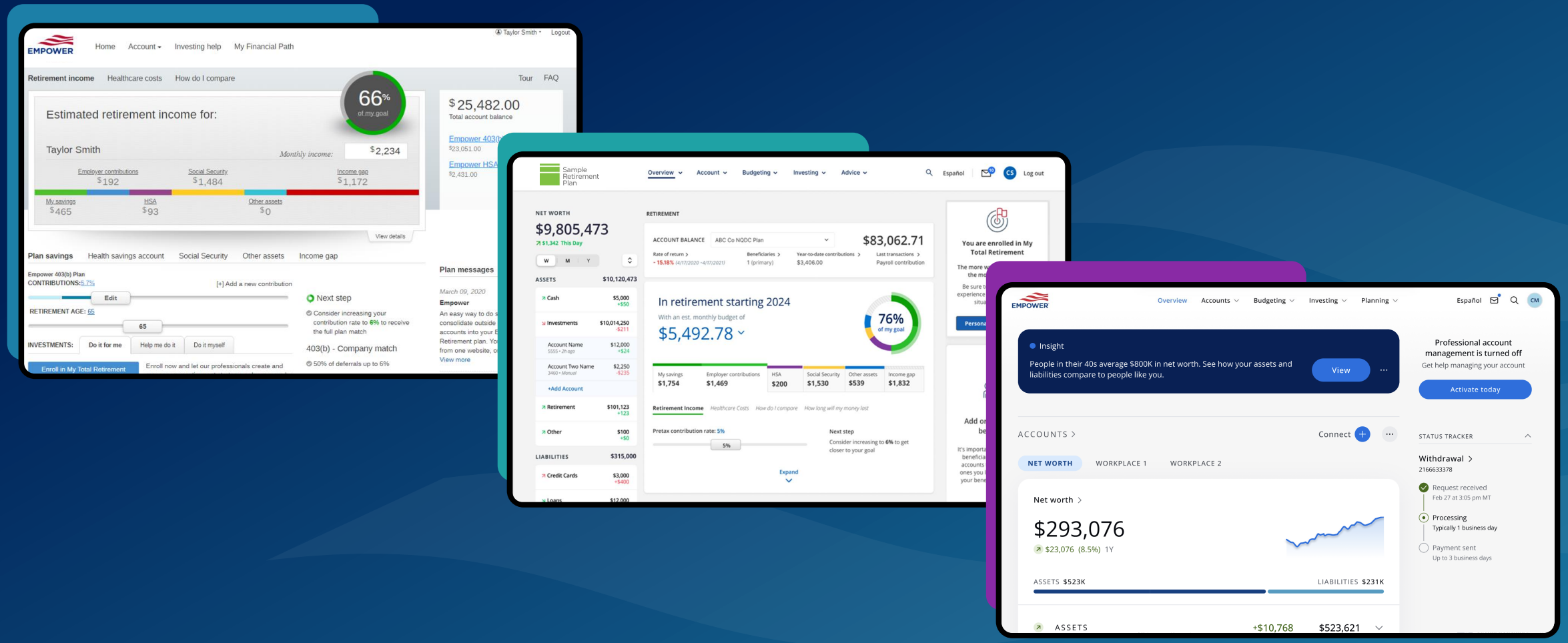
Hand-picked smart reads on saving, investing and the latest money trends.

Enhanced Tools



Enhanced tools like budgeting and debt paydown help participants manage finances.

Continuous evolution. Constant innovation. The Empower Personal Dashboard.



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Empower’s “2026 Personal Finance Experience Study” is based on online survey responses from 1,018 working Americans ages 18+, collected from December 17–19, 2025. The results have been weighted to be nationally representative of all working U.S. adults.

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RO5111325-0126

PERSI
Public Employee Retirement System of Idaho

November 2, 2026

TO: Retirement Board Trustees
FROM: Mike Hampton, Director
SUBJECT: Postretirement Allowance Adjustment Discussion

Summary:

Idaho Code 59-1355 Postretirement Allowance Adjustment (PAA) outlines in statute how postretirement benefit adjustments (otherwise referred to as COLA's) are to be applied and the timeframes for implementation. Any ad-hoc PAA proposed above the automatic/mandatory PAA outlined in Idaho Code, must be communicated by letter to the legislature no later than January 15th.

Key Discussion:

- The automatic/mandatory PAA is based upon the August-to-August CPI-U. The Bureau of Labor Statistics released the August-to-August CPI-U on September 11th, 2026, with a seasonal adjusted rate of 3.4%.
- As defined in code, the automatic/mandatory PAA will be 1% and will be applied to all retirement benefits in March of 2026.
- The Board may, with legislative approval, recommend a factor greater than the 1% automatic/mandatory PAA that does not exceed the August CPI-U or 6%, whichever is less. Based upon the August CPU-U an ad-hoc PAA for 2027 would be restricted to no more than 2.4% above the 1% automatic/mandatory PAA.
- The Board may only recommend an ad-hoc PAA "if it finds the value of the actuarial assets of the system to be no less than its actuarial liabilities, including those created by the increased factor".
- The Board may, with legislative approval, recommend an ad-hoc PAA for previous years where the full amount of the CPI-U was not implemented.
- Board Funding Guidelines – Priorities and Principles in Evaluating Funding Decisions: In considering any single funding decision, the Board balances competing priorities inherent in managing the Base Plan to maintain its sustainability.
    - Align actuarial assumptions,
    - Maintain predictable rates of contribution,
    - Address the purchasing power of retiree benefits, and
    - Consider the allocation of extraordinary gains.

Action:

Informational and discussion. No action is requested of the Board at this time.

NEWS RELEASE
BUREAU OF LABOR STATISTICS
U. S. DEPARTMENT OF LABOR

Transmission of material in this release is embargoed until 8:30 a.m. (ET) Friday, September 11, 2026

USDL-26-1496

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Media contact: (202) 691-5902 • PressOffice@bls.gov

CONSUMER PRICE INDEX – AUGUST 2026

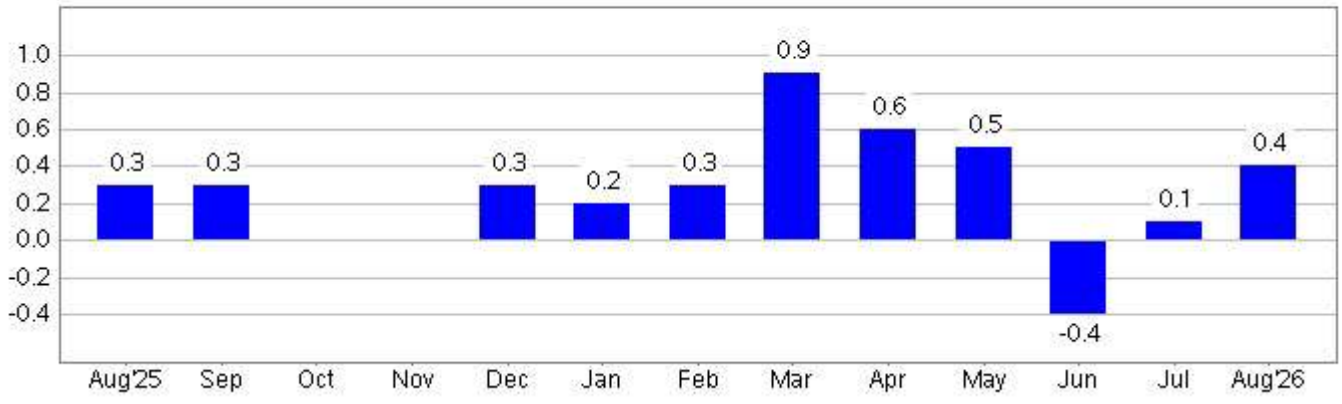
The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent on a seasonally adjusted basis in August after rising 0.1 percent in July, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 3.4 percent before seasonal adjustment.

The index for gasoline rose 3.9 percent in August, accounting for over one third of the monthly all items increase. The index for energy increased 2.1 percent over the month. The shelter index rose 0.3 percent in August after rising 0.1 percent in July. The index for food increased 0.1 percent over the month, as the index for food away from home increased 0.3 percent.

The index for all items less food and energy rose 0.3 percent after increasing 0.2 percent in July. Indexes that increased over the month include communication, lodging away from home, airline fares, education, and used cars and trucks. Conversely, the index for medical care and the index for motor vehicle insurance were among the major indexes that decreased in August.

The all items index rose 3.4 percent for the 12 months ending August as it did for the 12 months ending July. The all items less food and energy index rose 2.4 percent over the year, following a 2.5-percent increase over the 12 months ending July. The energy index increased 16.3 percent for the 12 months ending August. The food index increased 2.7 percent over the last year.

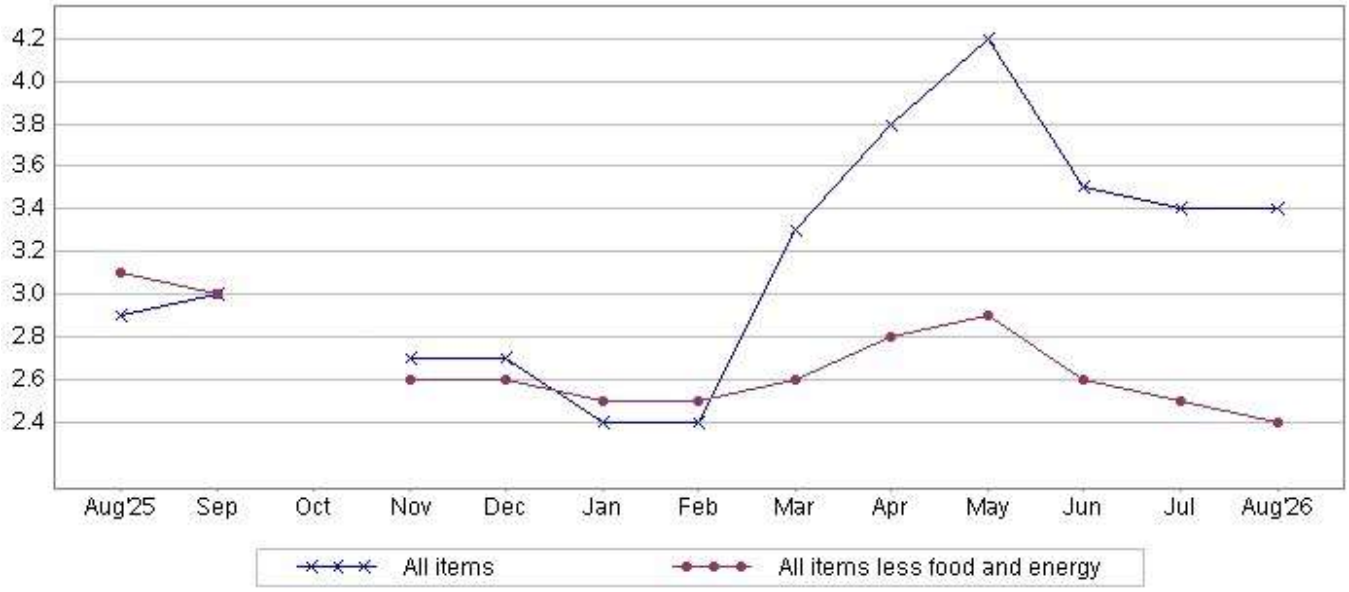
Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Aug. 2025 - Aug. 2026
Percent change



NOTE: The Oct and Nov 2025 data values are not available due to the 2025 lapse in appropriations.

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, Aug. 2025 - Aug. 2026

Percent change



NOTE: The Oct 2025 data values are not available due to the 2025 lapse in appropriations.

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Aug. 2026
	Feb. 2026	Mar. 2026	Apr. 2026	May 2026	Jun. 2026	Jul. 2026	Aug. 2026	
All items	0.3	0.9	0.6	0.5	-0.4	0.1	0.4	3.4
Food	0.4	0.0	0.5	0.2	0.2	0.1	0.1	2.7
Food at home	0.4	-0.2	0.7	0.1	0.2	-0.1	0.0	2.2
Food away from home[1]	0.3	0.2	0.2	0.3	0.2	0.3	0.3	3.4
Energy	0.6	10.9	3.8	3.9	-5.7	-1.5	2.1	16.3
Energy commodities	1.1	21.3	5.6	6.7	-9.5	-2.9	4.2	28.0
Gasoline (all types)	0.8	21.2	5.4	7.0	-9.7	-2.9	3.9	27.4
Fuel oil	11.1	30.7	5.8	3.8	-9.2	-1.7	10.1	52.0
Energy services	0.2	0.4	1.6	0.4	-0.7	0.3	-0.4	4.0
Electricity	-0.7	0.8	2.1	0.6	-1.0	0.1	-0.2	3.8
Utility (piped) gas service	3.1	-0.9	-0.1	-0.5	0.5	0.7	-1.1	4.4
All items less food and energy	0.2	0.2	0.4	0.2	0.0	0.2	0.3	2.4
Commodities less food and energy commodities	0.1	0.1	0.0	-0.1	-0.1	0.2	0.1	0.7
New vehicles	0.0	0.1	-0.2	-0.3	0.0	0.1	0.3	0.6
Used cars and trucks	-0.4	-0.4	0.0	0.1	-0.2	0.4	0.4	-2.3
Apparel	1.3	1.0	0.6	0.3	-0.6	0.1	0.0	3.6
Medical care commodities[1]	0.0	-1.0	-0.4	-0.7	-0.2	-0.6	-0.2	-2.7
Services less energy services	0.3	0.2	0.5	0.3	0.0	0.2	0.3	3.0
Shelter	0.2	0.3	0.6	0.3	0.1	0.1	0.3	3.0
Transportation services	0.2	0.6	0.3	-0.6	-0.3	0.3	0.5	2.4
Medical care services	0.6	0.0	0.0	0.5	-0.1	0.6	-0.2	2.5

1 Not seasonally adjusted.

Food

The food index rose 0.1 percent in August, as it did in July. The index for food at home was unchanged over the month. Four of the six major grocery store food group indexes increased in August. The meats, poultry, fish, and eggs index increased 0.1 percent over the month, as the eggs index rose 2.9 percent. The index for other food at home also increased 0.1 percent in August. The nonalcoholic beverages index increased 0.2 percent over the month, and the dairy and related products index rose 0.3 percent. The index for cereals and bakery products was unchanged in August.

In contrast, the fruits and vegetables index declined 0.4 percent in August after falling in the preceding 2 months. The index for lettuce continued to fall, declining 6.2 percent in August after decreasing 16.4 percent in July.

The food away from home index rose 0.3 percent in August. The index for full service meals rose 0.4 percent, and the index for limited service meals was unchanged over the month.

The food at home index rose 2.2 percent over the 12 months ending in August. The index for other food at home increased 2.4 percent, and the index for fruits and vegetables rose 3.2 percent over the year. The nonalcoholic beverages index increased 3.7 percent over the 12 months ending in August, and the cereals and bakery products index rose 2.6 percent over the same period. The index for meats, poultry, fish, and eggs increased 1.1 percent over the last 12 months. In contrast, the dairy and related products index fell 0.3 percent over the year.

The food away from home index rose 3.4 percent over the last year. The index for full service meals rose 3.5 percent, and the index for limited service meals rose 3.2 percent over the 12 months ending in August.

Energy

The index for energy increased 2.1 percent in August after falling 1.5 percent in July. The gasoline index increased 3.9 percent over the month. (Before seasonal adjustment, gasoline prices increased 2.5 percent in August.) Conversely, the index for natural gas decreased 1.1 percent in August, and the index for electricity fell 0.2 percent.

The index for energy increased 16.3 percent over the past 12 months due in large part to the index for gasoline rising 27.4 percent over the same period. The natural gas index increased 4.4 percent over the 12 months ending in August, and the electricity index rose 3.8 percent.

All items less food and energy

The index for all items less food and energy rose 0.3 percent in August after rising 0.2 percent in July. The shelter index increased 0.3 percent over the month after rising 0.1 percent in July. The index for owners' equivalent rent rose 0.2 percent in August as did the index for rent. The lodging away from home index rose 2.4 percent in August after falling 2.8 percent the previous month.

The index for communication increased 2.3 percent over the month after rising 0.6 percent in July. The airline fares index rose 2.7 percent in August, and the education index increased 0.8 percent. The index for used cars and trucks increased 0.4 percent in August, and the index for new vehicles rose 0.3 percent.

The personal care index and the household furnishings and operations index also increased over the month.

The medical care index decreased 0.2 percent in August after rising 0.4 percent in July. The index for dental services fell 0.6 percent over the month. The hospital services index, physicians' services index, and prescription drugs index were all unchanged in August.

The motor vehicle insurance index declined 0.8 percent in August after falling 0.3 percent in July. The index for apparel was unchanged in August as was the index for recreation.

The index for all items less food and energy rose 2.4 percent over the past 12 months. The shelter index increased 3.0 percent over the last year. Other indexes with notable increases over the last year include airline fares (+23.4 percent), recreation (+2.7 percent), medical care (+1.6 percent), and personal care (+3.8 percent).

Not seasonally adjusted CPI measures

The Consumer Price Index for All Urban Consumers (CPI-U) increased 3.4 percent over the last 12 months to an index level of 334.980 (1982-84=100). For the month, the index rose 0.3 percent prior to seasonal adjustment.

The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased 3.5 percent over the last 12 months to an index level of 328.481 (1982-84=100). For the month, the index increased 0.4 percent prior to seasonal adjustment.

The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) increased 3.3 percent over the last 12 months. For the month, the index increased 0.3 percent on a not seasonally adjusted basis. Please note that the indexes for the past 10 to 12 months are subject to revision.

The Consumer Price Index news release for September 2026 is scheduled to be published on Wednesday, October 14, 2026, at 8:30 a.m. (ET).

Callan

Public Employee Retirement System of Idaho

Second Quarter 2026

Performance Evaluation

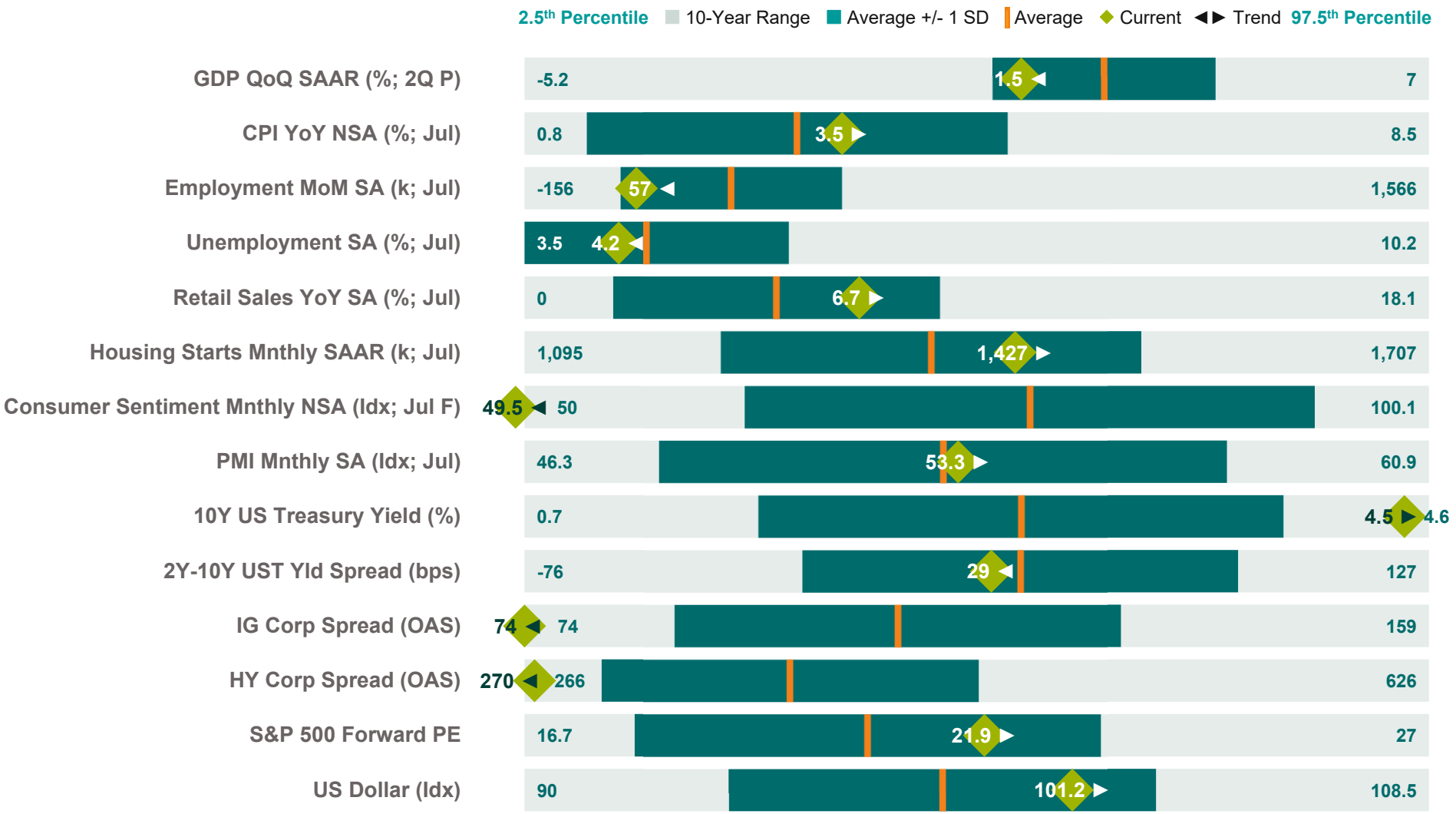
Ann O'Bradovich
Senior Vice President

Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

Agenda

- Market Overview and Summary
- DB Performance
- Sick Leave Plan Performance
- Callan Updates

EconIndicators

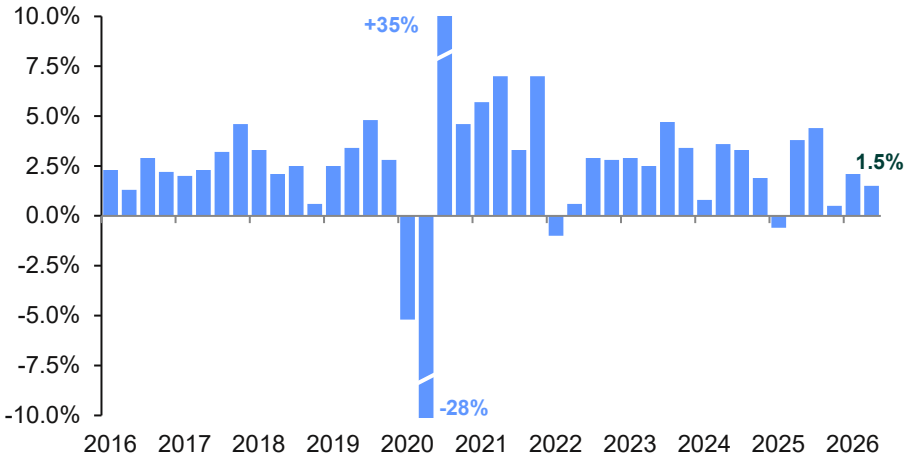


Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Census Bureau, U.S. Department of Housing and Urban Development, University of Michigan, Institute of Supply Management, S&P Global, Bloomberg, U.S. Treasury, Standard & Poor's, Callan.
Abbreviations: Seasonally Adjusted Annualized Rate (SAAR), Seasonally Adjusted (SA), Non-Seasonally Adjusted (NSA), basis points (bps), Option-Adjusted Spread (OAS), Diffused Index (Idx).

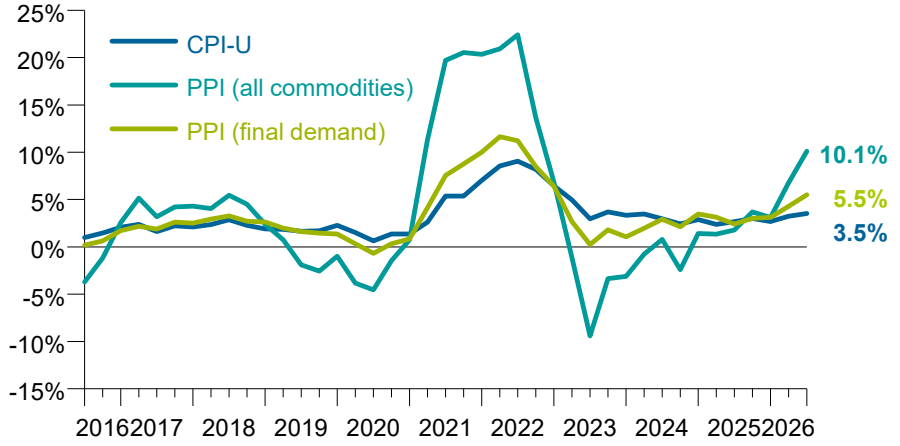
U.S. Economy—Summary

For periods ended 6/30/26

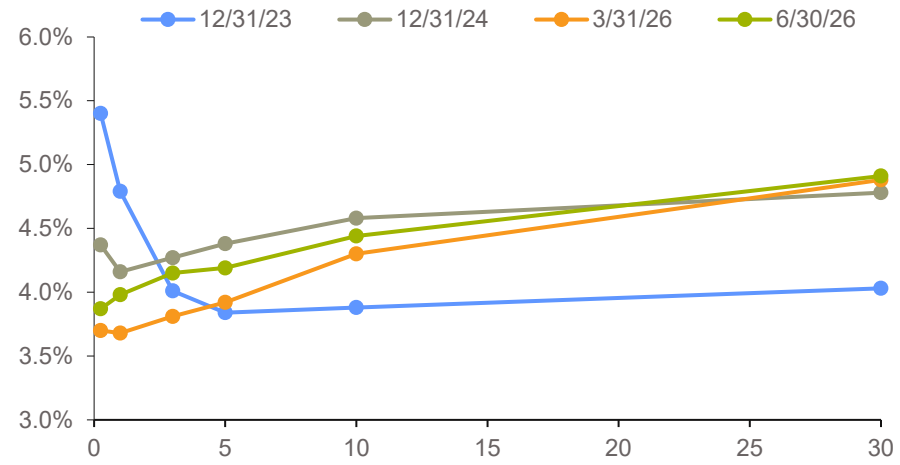
Quarterly Real GDP Growth



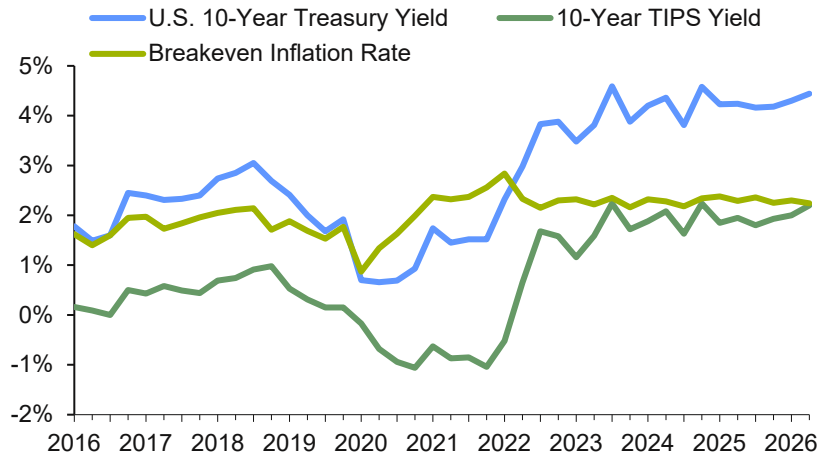
Inflation Year-Over-Year



U.S. Treasury Yield Curves



Historical 10-Year Yields



Sources: Bureau of Labor Statistics, Callan, Federal Reserve, Blue Chip consensus for projected GDP.

Public Market Equities Rebound Sharply in 2Q26

Fixed income sees muted gains

Stocks up big after posting losses in 1Q

- Double-digit gains in the quarter amid solid economic activity and strong earnings
- Small caps topped large caps in the U.S.
- Emerging markets led developed non-U.S.

Fixed income gains despite rising rates

- Coupon income and spread tightening offset higher Treasury yields.

Summary of economic measures

- Headline CPI-U rose 3.5% (year-over-year), up from 3.3% in March but down from 4.2% in May; the core index rose a more modest 2.6%, in line with the prior quarter.
- The job market improved slightly in the quarter, adding an average of 111,000 jobs per month vs. 73,000 in 1Q, but the overall trend is still down over the last few years.
- GDP growth has remained resilient, with it rising 1.5% in 2Q, although below estimates.

Returns for Periods ended 6/30/26

	Quarter	1 Year	3 Years	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	15.43	22.81	20.35	12.30	15.06	9.59
S&P 500	15.20	22.32	20.61	13.41	15.51	9.55
Russell 2000	21.49	40.78	18.60	6.98	11.62	8.80
Global ex-U.S. Equity						
MSCI World ex USA	10.22	20.99	16.90	9.32	9.84	6.59
MSCI Emerging Markets	24.05	43.51	23.03	7.20	10.08	9.50
MSCI ACWI ex USA Small Cap	9.62	19.83	16.42	6.30	9.10	8.87
Fixed Income						
Bloomberg Aggregate	0.67	3.79	4.16	0.08	1.54	3.65
90-day T-Bill	0.88	3.84	4.64	3.52	2.34	1.80
Bloomberg Long Gov/Credit	1.53	3.92	1.86	-3.84	0.70	4.95
Bloomberg Global Agg ex-US	0.99	-1.95	2.70	-2.89	-0.66	3.20
Real Estate						
NCREIF Property	1.24	4.86	1.07	3.21	4.66	7.19
FTSE Nareit Equity	12.43	21.53	12.47	5.90	6.10	9.19
Alternatives						
Cambridge Private Equity*	0.38	10.79	7.58	7.84	13.59	11.57
Cambridge Senior Debt*	-0.69	6.53	7.70	7.26	7.53	5.15
HFRI Fund Weighted	6.40	16.25	11.49	6.56	7.25	6.04
Bloomberg Commodity	-8.08	25.46	11.69	9.37	5.83	2.57
Gold Spot Price	-13.68	22.09	27.92	17.92	11.83	11.41
Inflation: CPI-U	1.13	3.53	3.06	4.21	3.32	2.55

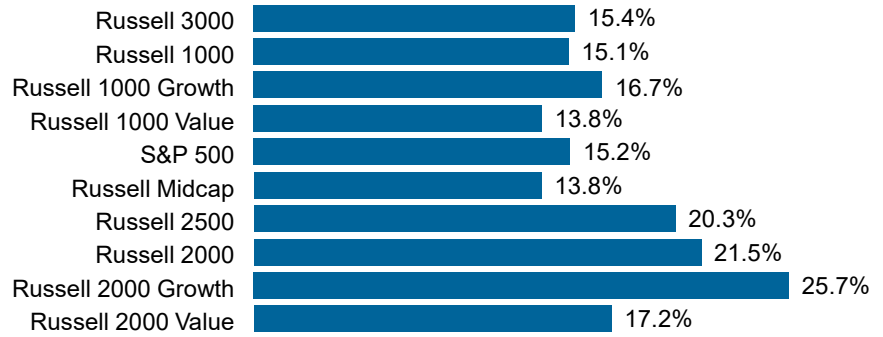
*Cambridge Private Equity and Cambridge Senior Debt data as of 1Q26.
Returns greater than one year are annualized.
Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

U.S. Equity Performance: 2Q26

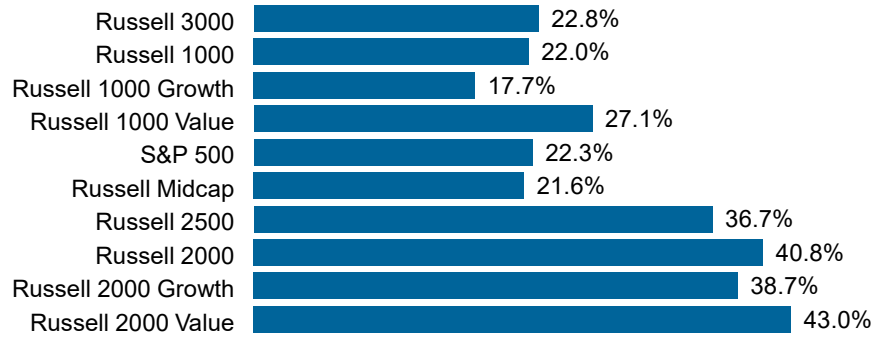
The S&P 500 Index rockets to new all-time highs in 2Q26 as markets pivoted during 1H26

- The S&P 500 Index gained 15.2% in 2Q26, a big reversal following the decline of 4.3% in 1Q26. The results were driven across the AI value-chain, especially memory and semiconductor stocks, superseding Mag 7 dominance. The S&P 500 had 24 all-time closing highs in 1H26.
- Large cap returns for 1H26 were more broad-based as the S&P 500 Equal Weight Index gained 12.1% vs. 10.2% for the S&P 500 market cap-weighted Index.
- In a reversal from 1Q26, 9 of the 11 S&P sectors posted gains. Technology (+31.8%) was the best-performing sector followed by Industrials (+14.9%). The worst-performing sectors were Energy (-13.4%) and Utilities (-0.5%).
- Small caps continued to outperform large caps, with the Russell 2000 up 21.5% during 2Q26 and 40.8% for trailing one-year period.
- Growth outperformed value across the market cap spectrum during 2Q26, though value still outperformed growth year-over-year.

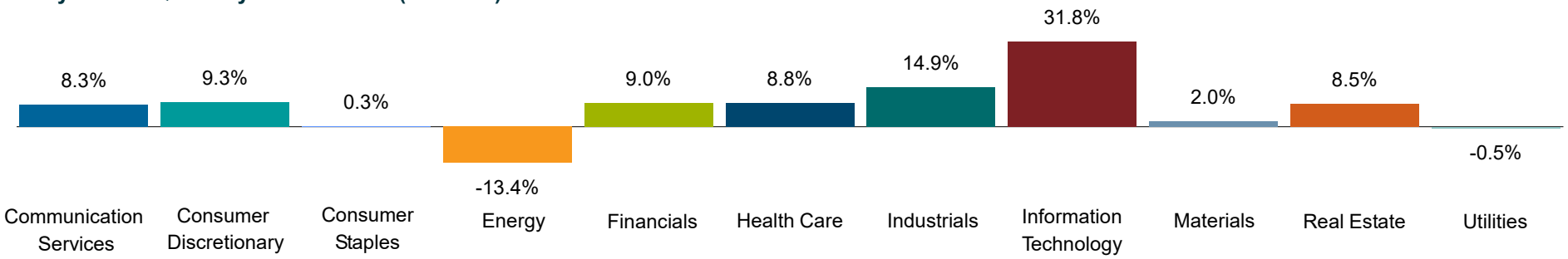
U.S. Equity: Quarter Ended 6/30/26



U.S. Equity: One Year Ended 6/30/26



Industry Sector Quarterly Performance (S&P 500) as of 6/30/26



Sources: FTSE Russell, S&P Dow Jones Indices

Small Caps: Finally (back) in Favor?

Small cap outperforms relative to large cap and Mag 7 stocks—blip or new regime change?

2Q26 returns rebounded across style spectrum

- Russell 2000 gained 21.5% in 2Q26.
- Best quarter since 4Q20, 8th best since 1978
- 1H26 gain of 22.6% best first half since 1991

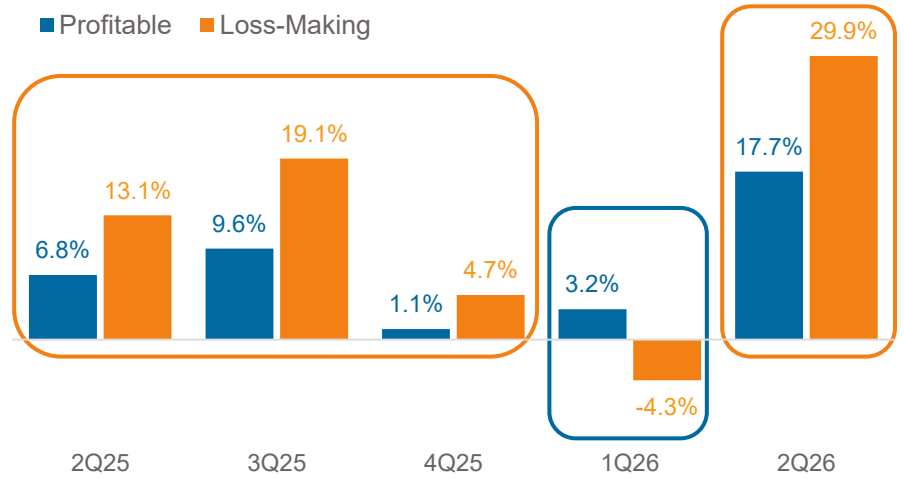
Mr. Market in 2Q26: 'No earnings, no problem!'

- Small cap managers that underperformed during 2Q and 1H26 were driven by:
  - *Underweight to high beta (momentum) securities: highest beta, highest projected sales growth, most liquid names, non-dividend payers, and prior year winners*
  - *Underweight to low quality and non-earners: loss-makers beat profitable companies by more than 1,200 bps in 2Q26*

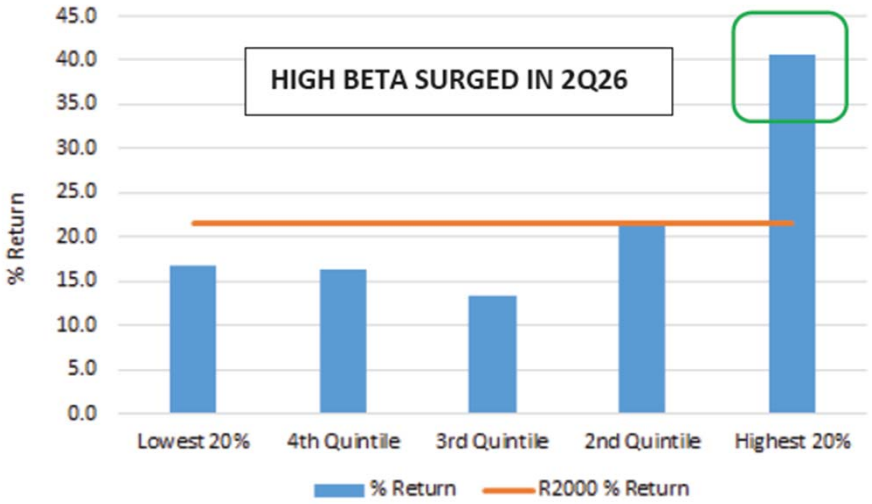
S&P Small Cap Index lagged Russell 2000 by 700 bps

- *S&P 600 is on track to underperform for a third consecutive year, something not seen in 30+ year history.*

Non-Earners Outperform Profitable Companies Prior 4 of 5 Quarters



Highest Beta Stocks Performed Best



Sources: Furey, FactSet as of 6/30/26

AI Exposure Update: Don't Forget about Memory Stocks!

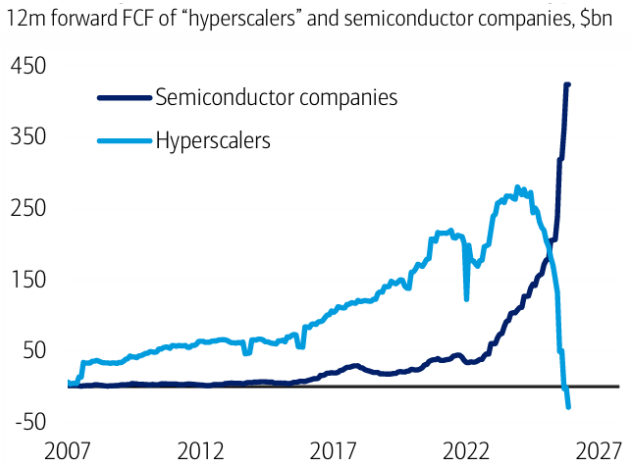
Exposure to AI in portfolios remains important, but stock selection within the AI cohort matters

AI-related returns broadened YTD 2026

- Software re-priced in early 2026, remained impaired through 6/30/26
- Hyperscalers (e.g., the Mag 7) struggled due to investors questioning future returns on capital amid accelerating capex.
- Semiconductor (e.g. Nvidia) and hardware performance were boosted by increasing demand from the hyperscalers for compute and memory (storage).
- Power stocks have been boosted by continued infrastructure buildouts.

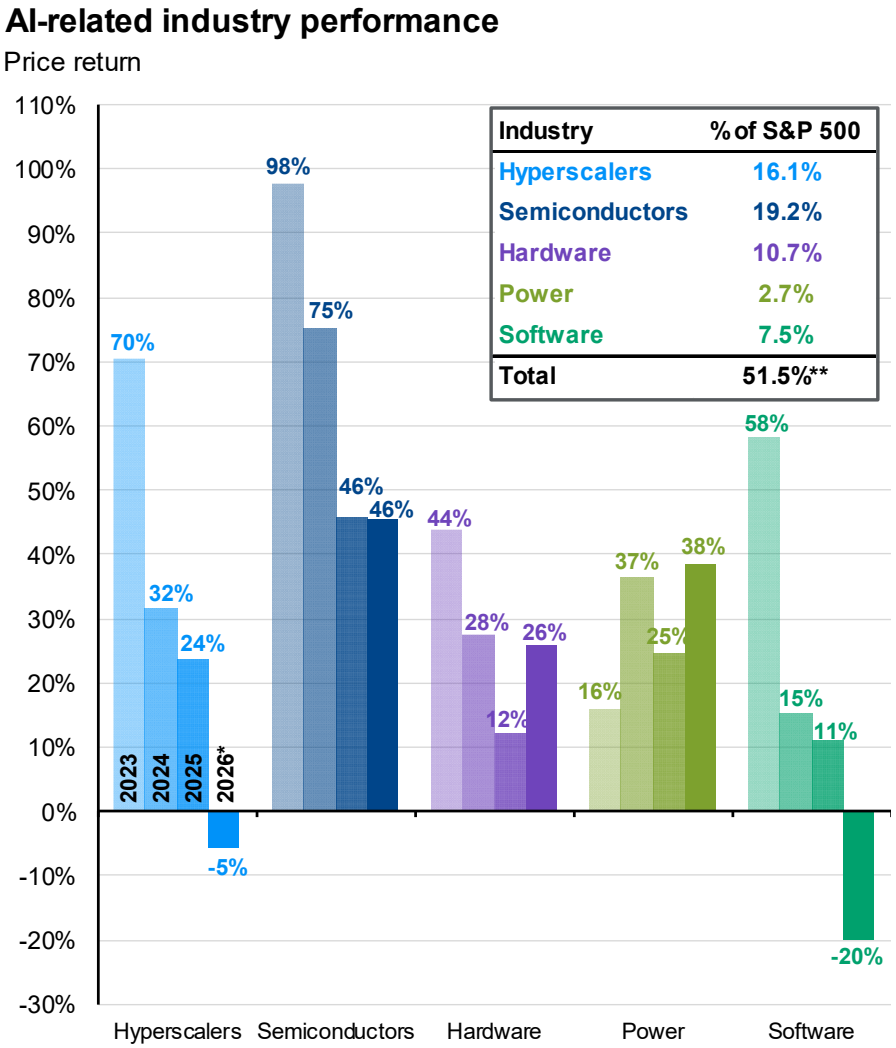
AI Story has Evolved

A generational transfer in free cash flow is taking place



Hyperscalers = AMZN, GOOGL, META, MSFT, PORCL
Semiconductor companies = NVDA, MU, AVGO, & AMAT

Dispersion in Returns Within AI-adjacent Industries



Sources: Bank of America, JP Morgan

Global/Global ex-U.S. Equity Performance: 2Q26

Growth reclaims leadership

Broad market

- Developed ex-U.S. markets lagged the U.S. in 2Q26, reversing 1Q's leadership, though strong emerging markets drove the MSCI ACWI ex USA Index up 14.5%.
- Japan and the euro zone led developed ex-U.S. markets in 2Q26, while the U.K. lagged.
- South Korea and Taiwan led on AI-driven semiconductor strength. Brazil lagged amid persistent inflation and election uncertainty, while China (retail/auto weakness) and India (oil-driven volatility) missed the quarter's rally.
- MSCI EM concentration increased, with the top five holdings reaching roughly 35% of the index.

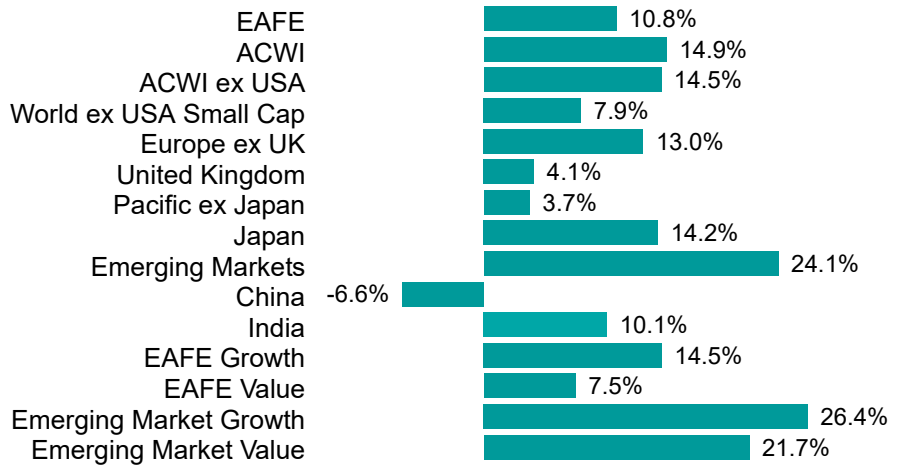
Growth vs. value

- Growth decisively reversed the prior quarter's trend, outperforming value across global markets.
- Technology was the clear sector leader, driven by AI enthusiasm and further supported by the successful June SpaceX IPO.
- Energy was the only major sector to post a loss as oil prices retreated sharply from 1Q highs.

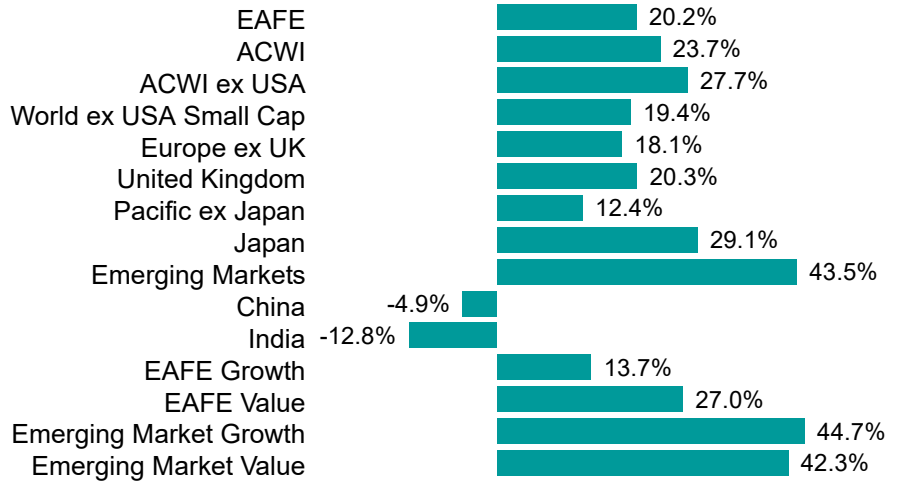
U.S. dollar

- The U.S. dollar strengthened modestly in 2Q26 (DXY: +1.2%), driven by wider U.S. rate differentials, and remained a modest headwind for global ex-U.S. equity returns.

Global Equity Returns: Quarter Ended 6/30/26



Global Equity Returns: One Year Ended 6/30/26



Source: MSCI

U.S. Fixed Income Performance: 2Q26

A new Fed chair in town; positive performance across the board

Macro environment: A new Fed chair and hawkish rhetoric

- The Fed held rates unchanged at the June meeting, the first under new Chair Kevin Warsh.
- Consistently stubborn inflation led to hawkish rhetoric, and a keener eye on the inflation side of the Fed's dual mandate.
- Treasury yields rose across the belly and long end of the curve due to persistently sticky inflation.

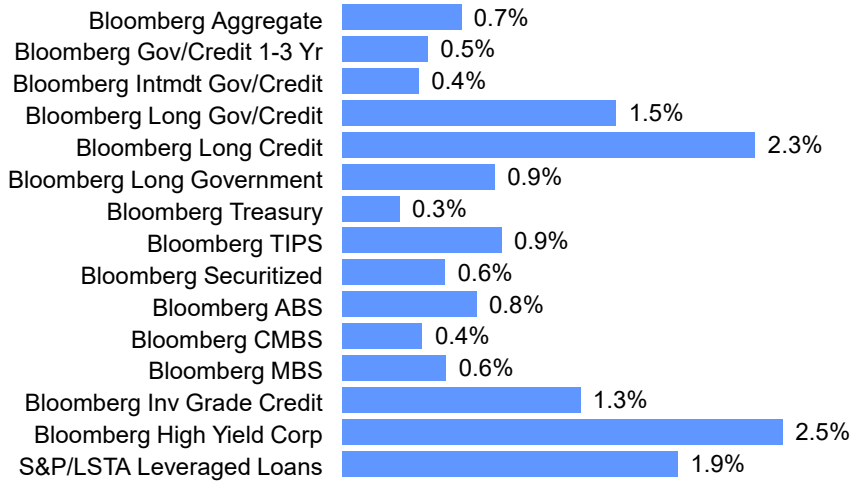
Performance and drivers: Tighter credit spreads

- The Bloomberg US Aggregate Bond Index gained 0.7%, supported by tighter IG credit spreads versus the end of 1Q.
- IG corporate returns outpaced Treasuries due to spread tightening.

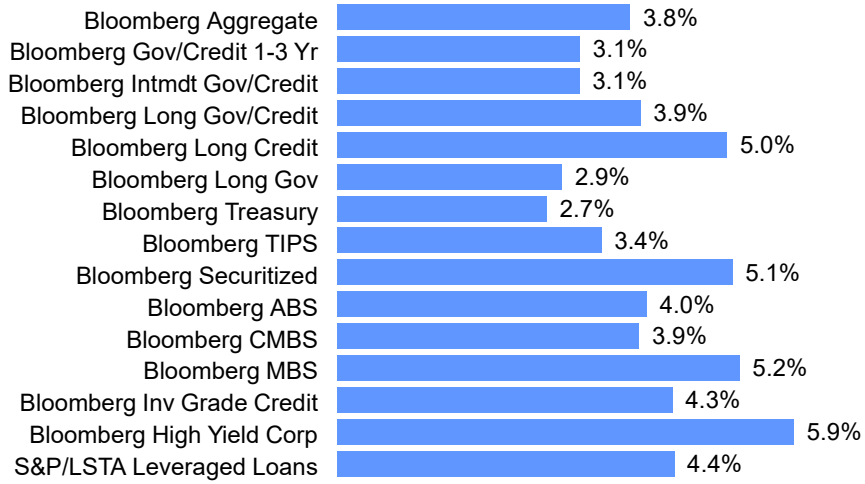
Valuations: Uptick in volatility fades

- Credit spreads widened at the end of 1Q amid continued geopolitical developments in the Middle East. However, credit spreads approached historic tights over the course of 2Q.
- Overall, yield should be the primary driver of fixed income returns moving forward. Market data has historically shown higher starting yields to be a key driver of fixed income returns, which is pertinent as credit spreads continue to hover near historic tights.

U.S. Fixed Income Returns: Quarter Ended 6/30/26

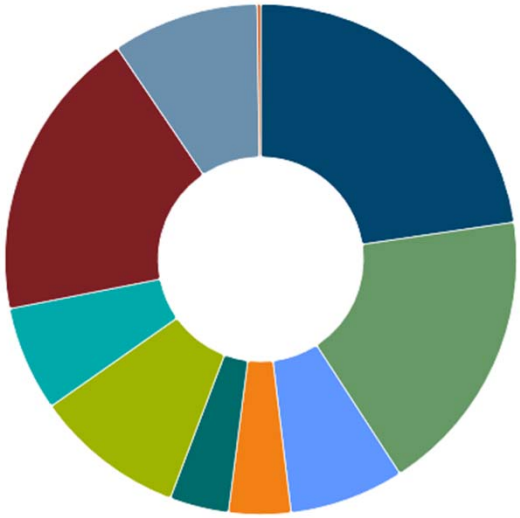


U.S. Fixed Income Returns: One Year Ended 6/30/26



Sources: Bloomberg, Callan, SIFMA Research, S&P Dow Jones Indices, U.S. Treasury

PERSI DB Asset Allocation - Defined Benefit as of June 30, 2026



Asset Class	Assets	Actual Weight	Strategic Policy
US Public Equity	$6,539,329,856	22.68%	21.00%
Global Equity	$5,240,628,357	18.17%	18.00%
Private Equity	$2,090,869,527	7.25%	8.00%
REIT Equity	$1,129,026,561	3.92%	4.00%
Private Real Estate	$1,075,779,196	3.73%	4.00%
Emerging Markets Equity	$2,737,696,544	9.49%	9.00%
Developed Markets Equity	$1,918,048,485	6.65%	6.00%
US Fixed Income	$5,371,109,202	18.63%	20.00%
US TIPS	$2,667,509,976	9.25%	10.00%
Short Term Cash	$64,883,348	0.23%	-
Total Fund	$28,834,881,052	100.00%	100.00%

- Strategic Policy reflects decisions to invest in Private Equity, Real Estate, Global Equity, and US TIPS relative to the Long-Term Target of 55% US Equity, 15% Non-US Equity, and 30% Bonds.
- The Fund was overweight to US Public Equity, Global Equity, Developed Markets Equity, and Emerging Markets Equity, and underweight to US Fixed Income, US TIPS, REITs, Private Real Estate and Private Equity relative to the Strategic Policy. Actual weights are within acceptable ranges
- Relative to the median public plan, PERSI has an underweight to US Equity and overweight to Emerging Markets and TIPS.

Asset Class	Current	Strategic Policy	Ranges
Equities	72%	70%	66% - 77%
Broad Domestic Equity	56%	55%	50% - 65%
International Developed Equity	16%	15%	10% - 20%
Fixed Income	28%	30%	23% - 33%
Cash	0%	0%	0% - 5%

PERSI DB Asset Distribution as of June 30, 2026

Total Fund ended Fiscal year 2026 with $28.8 B, a net increase of $2.8 B over fiscal year end 2025

- Net withdrawals: - $0.509 B
- Investment growth: + $3.311 B

Portfolio	Ending Assets Jun 30, 2026	Weight	Net Cash Activity	Investment Gain/Loss	Beginning Assets Jun 30, 2025	Weight
US Public Equity	$6,539,329,856	22.68%	-$579,209,055	$1,089,709,647	$6,028,829,264	23.16%
Global Equity	$5,240,628,357	18.17%	-$171,843,374	$589,315,851	$4,823,155,879	18.53%
Private Equity	$2,090,869,527	7.25%	-$67,259,787	$153,578,284	$2,004,551,030	7.70%
REIT Equity	$1,129,026,561	3.92%	$153,134,018	$178,777,776	$797,114,767	3.06%
Private Real Estate	$1,075,779,196	3.73%	-$48,665,904	$50,789,755	$1,073,655,345	4.12%
Emerging Markets Equity	$2,737,696,544	9.49%	$134	$680,635,011	$2,057,061,399	7.90%
Developed Markets Equity	$1,918,048,485	6.65%	-$50,000,000	$265,941,146	$1,702,107,340	6.54%
US Fixed Income	$5,371,109,202	18.63%	$29,000,896	$219,262,321	$5,122,845,985	19.68%
US TIPS	$2,667,509,976	9.25%	$249,356,296	$78,372,132	$2,339,781,548	8.99%
Short Term Cash	$64,883,348	0.23%	-$23,779,621	$4,975,095	$83,687,874	0.32%
Total Fund	$28,834,881,052	100.00%	-$509,352,448	$3,311,443,070	$26,032,790,430	100.00%

PERSI DB: 2nd Quarter 2026 Performance Summary*

2Q and Fiscal year 2026: PERSI Total Fund provided strong investment returns. However, the Fund underperformed the Strategic Policy return

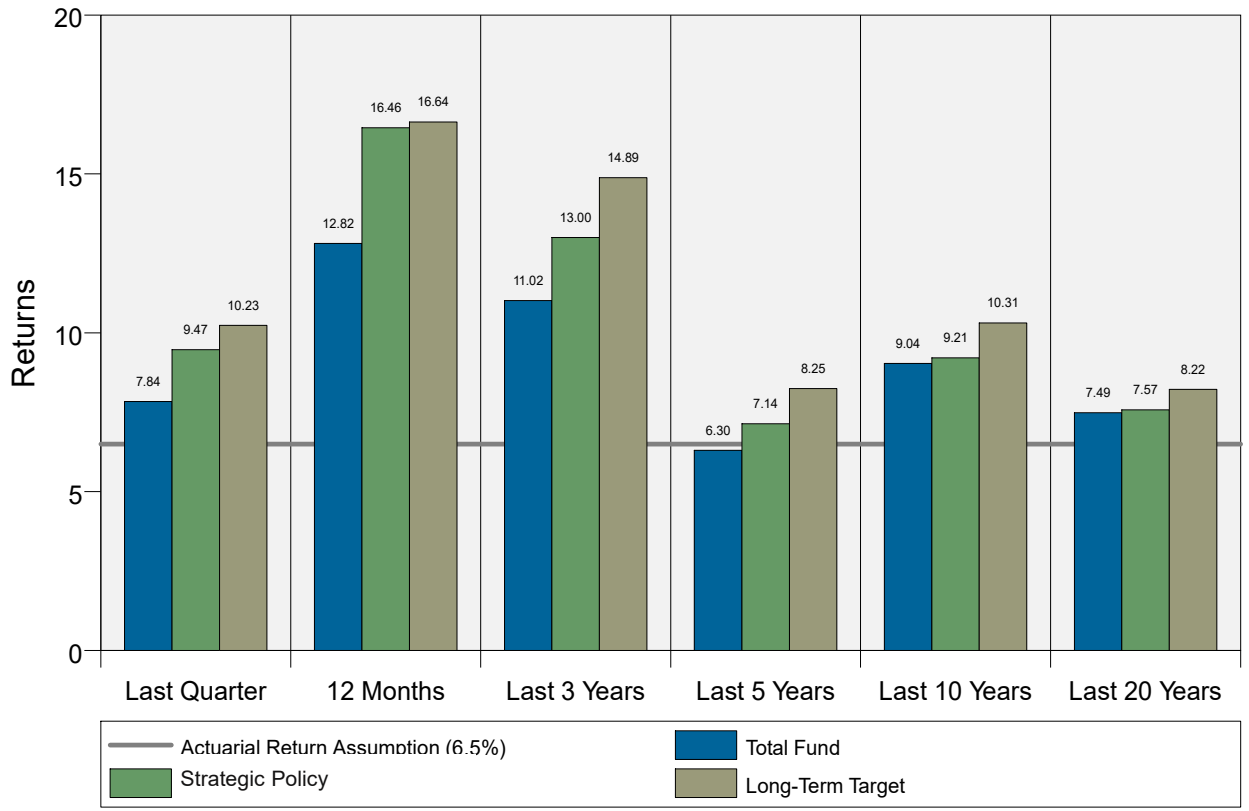
- Public equity active managers struggled to keep up with market cap weighted indices. Global managers had the largest negative impact.
- Actual allocation was in line with policy, thus had relatively small impact

Three years: Total Fund returned 11.0%, trailing the Strategic policy return of 13.0%.

Five years: Total Fund gained 6.3% vis-à-vis the Strategic Policy return of 7.1%

Last 20 years: Total Fund has earned an average annual return of 7.5%

Total Fund Returns
Periods Ending June 30, 2026

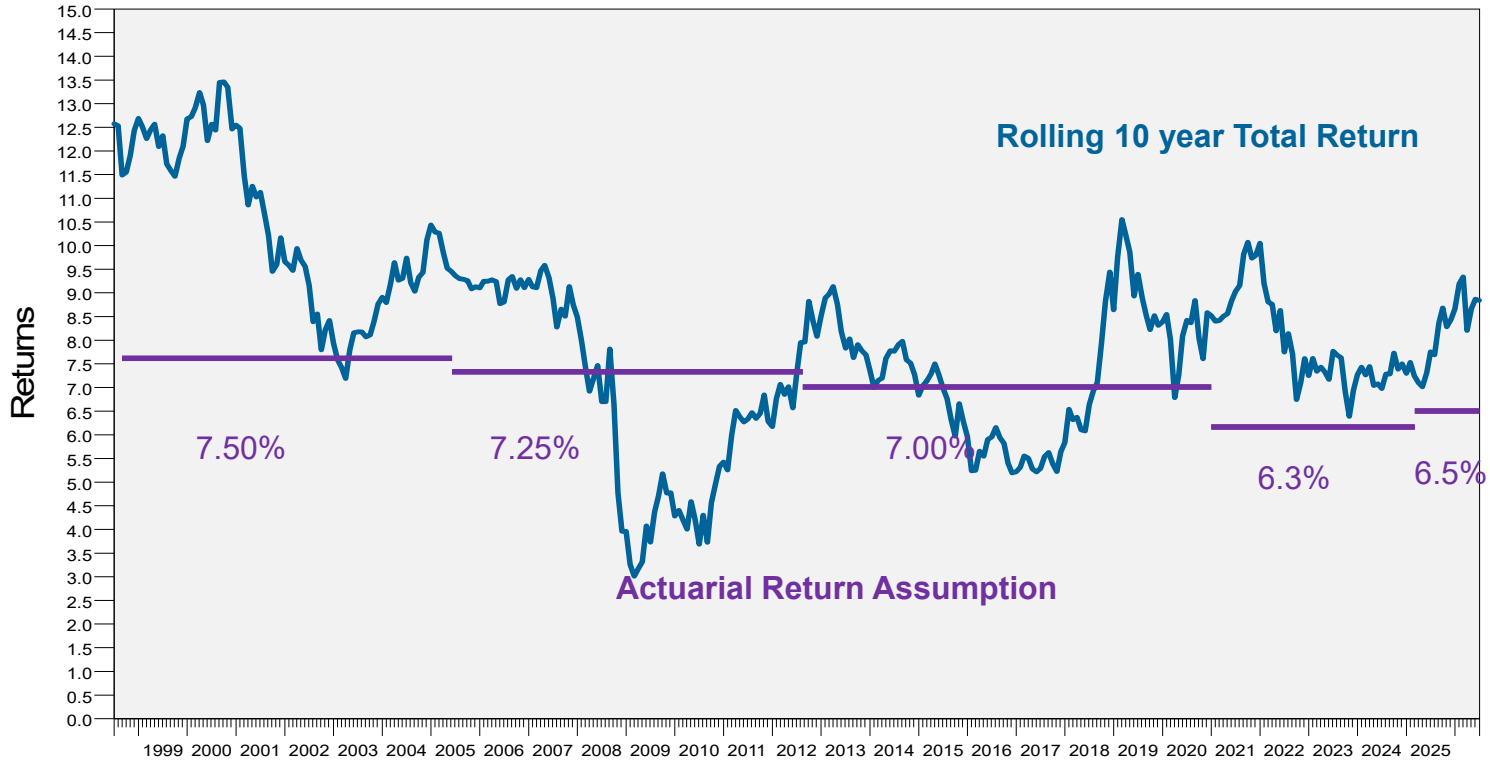


* Total Fund Returns are Gross of Fees

PERSI DB: Historical Actual Returns and Actuarial Return Assumptions

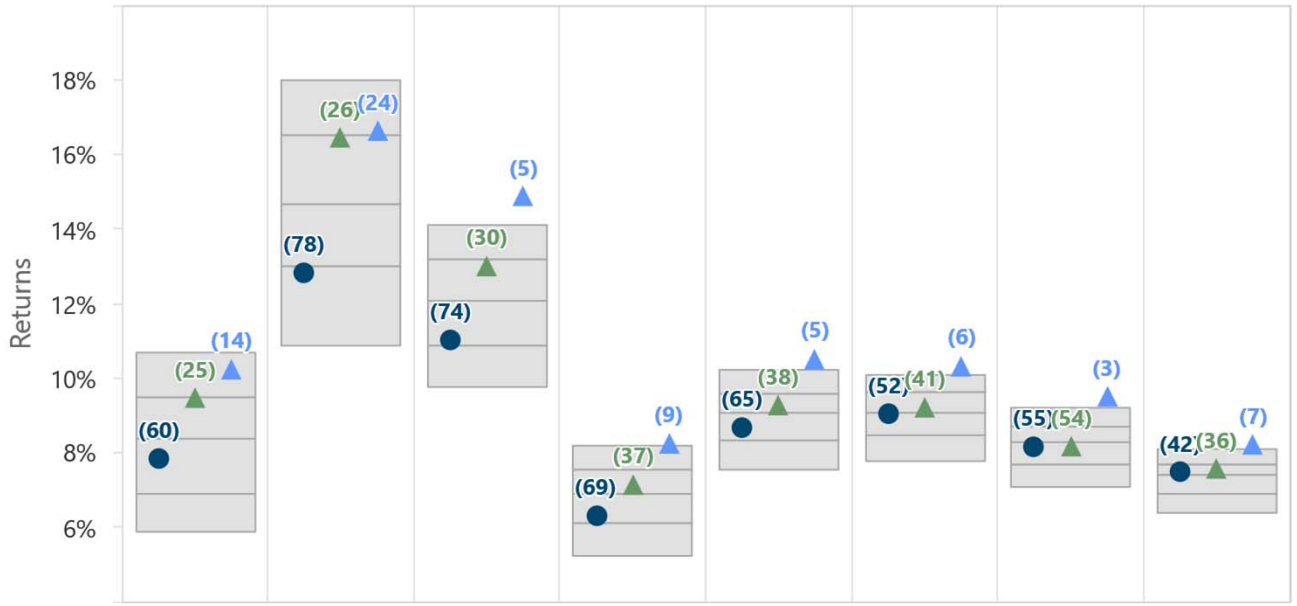
10 year rolling time periods

Rolling 120 Month Net of Fee Returns
Since Inception of Total Fund
Ended June 30, 2026



Performance* Comparison - Trailing Time Periods as of June 30, 2026

Performance vs Callan Public Fund Spr DB



	1 Quarter	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years
10th Percentile	10.68	17.99	14.11	8.19	10.21	10.08	9.18	8.08
25th Percentile	9.49	16.52	13.17	7.56	9.57	9.60	8.69	7.68
Median	8.37	14.65	12.08	6.90	9.04	9.08	8.28	7.39
75th Percentile	6.87	12.98	10.89	6.11	8.30	8.48	7.69	6.91
90th Percentile	5.87	10.87	9.74	5.21	7.55	7.77	7.06	6.39
Total Fund ●	7.84	12.82	11.02	6.30	8.67	9.04	8.15	7.49
Total Fund Policy Target [1] ▲	9.47	16.46	13.00	7.14	9.27	9.21	8.17	7.57
Total Fund Long Term Target [2] ▲	10.23	16.64	14.89	8.25	10.50	10.31	9.51	8.22

* Total Fund Returns are Gross of Fees

(1) Strategic Policy is comprised of 21% Russell 3000, 18% MSCI AC World Net Index, 8% Private Equity Return, 4% NAREIT All Equity Index, 4% NFI-ODCE Equal Wt Net Index, 15% MSCI ACWI ex US Net Index, 20% Blmbg Aggregate Index, and 10% Blmbg US TIPS Index.

(2) Long Term Target: 55% Russell 3000 Index, 30% Blmbg Aggregate Index and 15% MSCI EAFE Index.

DB Plan Total Fund Attribution vs Strategic Policy*

Quarter ended June 30, 2026

Relative Attribution Effects for Quarter ended June 30, 2026

Asset Class	Effective Actual Weight	Effective Strategic Policy Weight	Actual Return	Strategic Policy Return	Manager Effect	Asset Allocation	Total Relative Return
US Public Equity	22%	21%	14.44%	15.43%	(0.20%)	0.03%	(0.17%)
Developed Markets Equity	7%	6%	7.54%	10.82%	(0.22%)	0.01%	(0.21%)
Emerging Markets Equity	9%	9%	23.44%	24.05%	(0.05%)	(0.08%)	(0.13%)
Global Equity	18%	18%	8.19%	14.93%	(1.23%)	0.02%	(1.21%)
US TIPS	9%	10%	0.87%	0.89%	(0.00%)	0.04%	0.04%
US Fixed Income	19%	20%	0.79%	0.67%	0.03%	0.03%	0.05%
REIT Equity	4%	4%	11.74%	10.73%	0.04%	(0.02%)	0.02%
Private Real Estate	4%	4%	1.54%	1.30%	0.01%	(0.01%)	0.00%
Private Equity	8%	8%	1.71%	1.71%	0.00%	0.02%	0.02%
Short Term Cash	0%	0%	1.19%	1.19%	0.00%	(0.03%)	(0.03%)
Total			**7.84%**	**= 9.47%**	**+ (1.64%)**	**+ 0.00%**	**(1.63%)**

- Total Fund underperformed the Strategic Policy by 163 basis points during the past quarter.
- Manager Performance: - 164 bps
  - \+ US Fixed Income and REITs
  - \- US Equity, Developed Markets Equity, Emerging Markets Equity and Global Equity underperformed

Allocation Impacts: 0 bps

- \+ Overweight US Equity
- \+ Underweight TIPS and US Fixed Income

* Returns are Gross of Fees

DB Plan Total Fund Attribution vs Strategic Policy*

1 Year ended June 30, 2026

One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Strategic Policy Weight	Actual Return	Strategic Policy Return	Manager Effect	Asset Allocation	Total Relative Return
US Public Equity	23%	21%	19.37%	22.81%	(0.76%)	0.05%	(0.70%)
Developed Markets Equity	7%	6%	15.86%	20.23%	(0.30%)	0.01%	(0.28%)
Emerging Markets Equity	8%	9%	33.09%	43.51%	(0.75%)	(0.24%)	(0.99%)
Global Equity	19%	18%	12.35%	23.67%	(2.07%)	0.02%	(2.06%)
US TIPS	9%	10%	3.34%	3.42%	(0.01%)	0.08%	0.08%
US Fixed Income	19%	20%	4.28%	3.79%	0.10%	0.03%	0.14%
REIT Equity	3%	4%	21.63%	15.43%	0.20%	(0.02%)	0.18%
Private Real Estate	4%	4%	4.76%	3.54%	0.05%	(0.02%)	0.03%
Private Equity	8%	8%	7.77%	7.77%	0.00%	0.01%	0.01%
Short Term Cash	0%	0%	4.68%	4.68%	0.00%	(0.05%)	(0.05%)
Total			**12.82%**	**=16.46%**	**+ (3.52%)**	**+ (0.12%)**	**(3.64%)**

- Total Fund underperformed the Strategic Policy by 364 basis points during the past year.
- Manager Performance: - 352 bps
  - + US Fixed Income, REITS and Private Real Estate outperformed
  - - US Equity, Developed Markets Equity, Emerging Markets Equity, and Global Equity underperformed
- Allocation Impacts: 12 bps
  - + Overweight US Equity
  - + Underweight TIPS and US Fixed Income
  - - Underweight Emerging Markets Equity

* Returns are Gross of Fees

DB Plan Total Fund Attribution vs Strategic Policy*

5 Years ended June 30, 2026

Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Strategic Policy Weight	Actual Return	Strategic Policy Return	Manager Effect	Asset Allocation	Total Relative Return
US Public Equity	22%	21%	11.46%	12.30%	(0.21%)	(0.05%)	(0.27%)
Developed Markets Equity	6%	6%	8.13%	9.05%	(0.06%)	0.00%	(0.06%)
Emerging Markets Equity	8%	9%	5.23%	7.20%	(0.16%)	(0.05%)	(0.21%)
Global Equity	19%	18%	8.48%	10.98%	(0.47%)	0.04%	(0.42%)
US TIPS	10%	10%	0.83%	1.01%	(0.02%)	0.02%	0.00%
US Fixed Income	19%	20%	0.46%	0.08%	0.08%	0.02%	0.09%
REIT Equity	4%	4%	6.09%	3.71%	0.09%	(0.02%)	0.07%
Private Real Estate	5%	4%	4.97%	1.88%	0.20%	(0.09%)	0.10%
Private Equity	8%	8%	10.01%	10.01%	0.00%	(0.12%)	(0.12%)
Short Term Cash	0%	0%	3.50%	3.50%	0.00%	(0.01%)	(0.01%)
Total			**6.30%**	**= 7.14%**	**+ (0.57%)**	**+ (0.26%)**	**(0.83%)**

- Total Fund underperformed the Strategic Policy by 83 basis points for the past 5 years.
  - Manager Performance: - 57 bps
    - \+ US Fixed Income, REITS, and Private Real Estate outperformed.
    - \- US Equity, Developed Markets Equity, Emerging Markets Equity, and Global Equity underperformed.
  - Allocation Impacts: - 26 bps
    - \+ Overweight Global Equity
    - \- Overweight US Equity and Private Real Estate
    - \- Underweight Emerging Markets Equity

* Returns are Gross of Fees

DB Plan Total Fund Attribution vs Strategic Policy*

10 Years ended June 30, 2026

Ten Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Strategic Policy Weight	Actual Return	Strategic Policy Return	Manager Effect	Asset Allocation	Total Relative Return
US Public Equity	24%	21%	14.86%	15.06%	(0.06%)	0.09%	0.04%
Developed Markets Equity	6%	6%	8.89%	9.66%	(0.05%)	(0.01%)	(0.06%)
Emerging Markets Equity	8%	9%	8.94%	10.08%	(0.09%)	(0.03%)	(0.12%)
Global Equity	18%	18%	12.25%	12.78%	(0.11%)	(0.02%)	(0.14%)
US TIPS	9%	10%	2.53%	2.58%	(0.01%)	0.02%	0.02%
US Fixed Income	19%	20%	2.05%	1.54%	0.10%	0.10%	0.20%
REIT Equity	4%	4%	6.91%	5.88%	0.04%	(0.04%)	(0.01%)
Private Real Estate	5%	4%	7.14%	3.96%	0.17%	(0.07%)	0.10%
Private Equity	7%	8%	13.22%	13.22%	0.00%	(0.14%)	(0.14%)
Short Term Cash	0%	0%	2.63%	2.63%	0.00%	(0.05%)	(0.05%)
Total			**9.04%**	**= 9.21%**	**+ (0.00%)**	**+ (0.17%)**	**(0.17%)**

\+ Total Fund underperformed the Strategic Policy by 17 basis points for the past 10 years.

Manager Performance: 0 bps

- \+ US Fixed Income, REITS and Private Real Estate outperformed.
- \- US Equity, Developed Markets Equity, Emerging Markets Equity and Global Equity

\- Allocation Impacts: - 17 bps

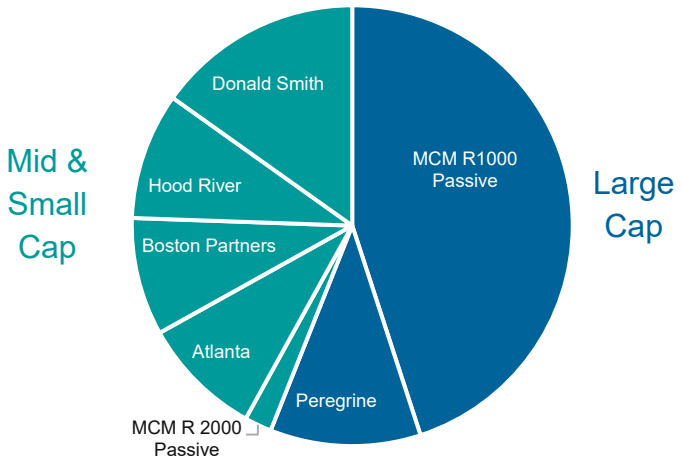
- \+ Overweight US Equity
- \+ Underweight US Fixed Income
- \- Overweight Private Real Estate
- \- Underweight Emerging Markets Equity and Private Equity

* Returns are Gross of Fees

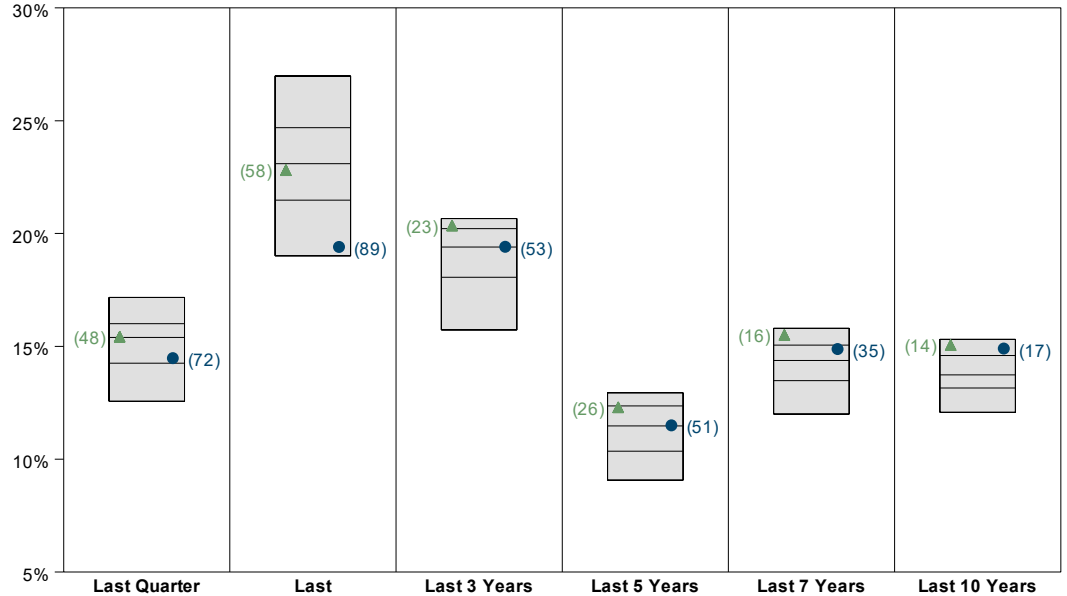
U.S. Equity Portfolio vs. Public Plan Domestic Equity Database

Periods ended June 30, 2026

Manager Structure: 43% Active*

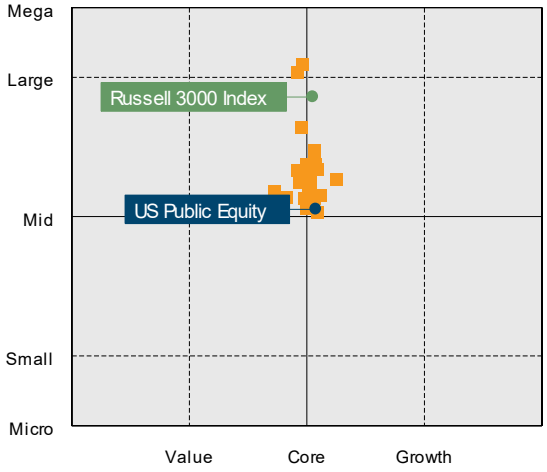


Performance vs Pub Pln- Dom Equity



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	17.17	26.98	20.66	12.94	15.79	15.31
25th Percentile	16.00	24.69	20.22	12.36	15.05	14.59
Median	15.40	23.09	19.40	11.48	14.38	13.74
75th Percentile	14.25	21.48	18.06	10.36	13.48	13.16
90th Percentile	12.56	19.02	15.73	9.07	12.00	12.08
US Public Equity ●	14.44	19.37	19.38	11.46	14.84	14.86
Russell 3000 Index ▲	15.43	22.81	20.35	12.30	15.51	15.06

Style Map vs Pub Pln- Dom Equity
Holdings as of June 30, 2026

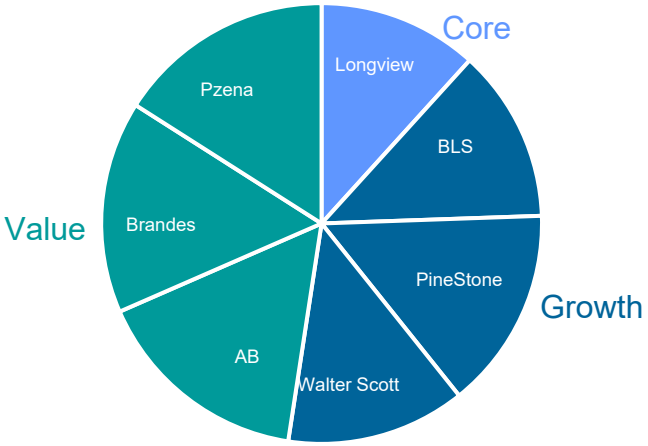


* SSGM S&P 400 is a transition account. After new S/Mid Cap managers are funded, the actively managed portion is expected to be ~$55%

Global Equity Portfolio vs. Global Equity Database

Periods ended June 30, 2026

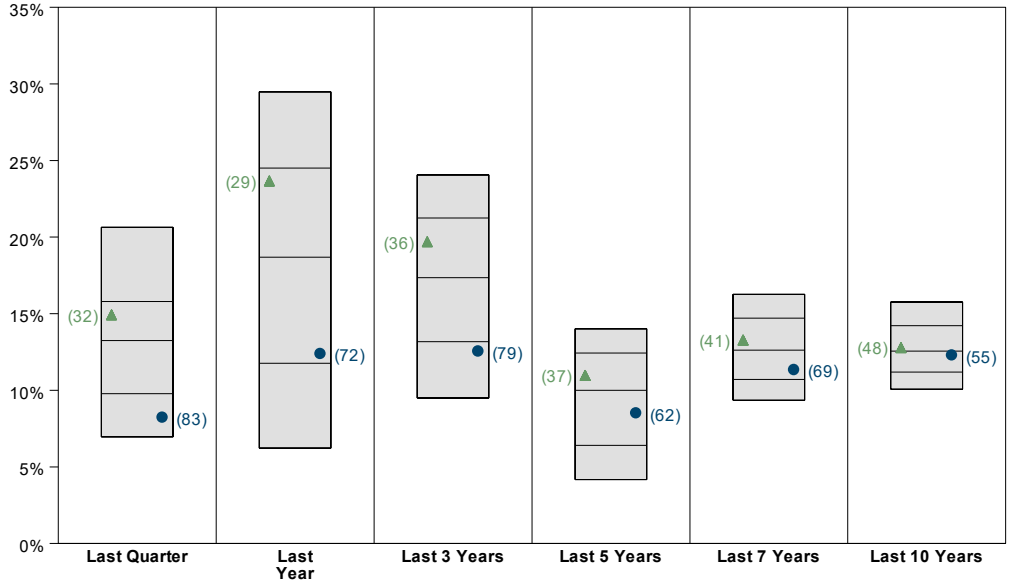
Manager Structure: 100% Active



Style Map vs Callan Global Equity
Holdings as of June 30, 2026



Performance vs Callan Global Equity (Gross)

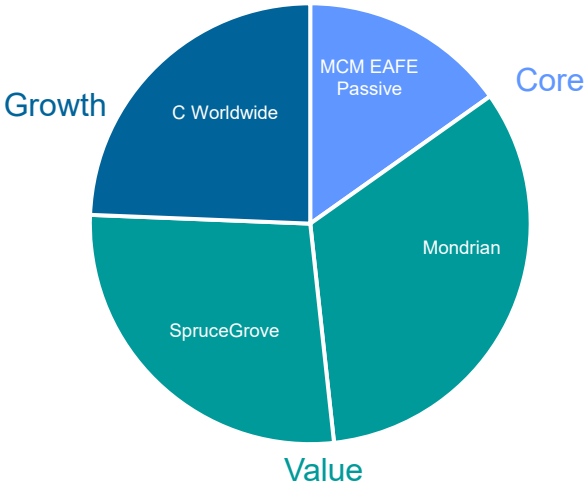


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	20.64	29.47	24.06	14.01	16.27	15.77
25th Percentile	15.80	24.50	21.24	12.44	14.71	14.21
Median	13.25	18.69	17.35	10.00	12.62	12.55
75th Percentile	9.78	11.77	13.18	6.40	10.70	11.18
90th Percentile	6.96	6.23	9.50	4.17	9.36	10.08
Global Equity ●	8.19	12.35	12.52	8.48	11.30	12.25
MSCI ACWI ▲	14.93	23.67	19.70	10.98	13.28	12.78

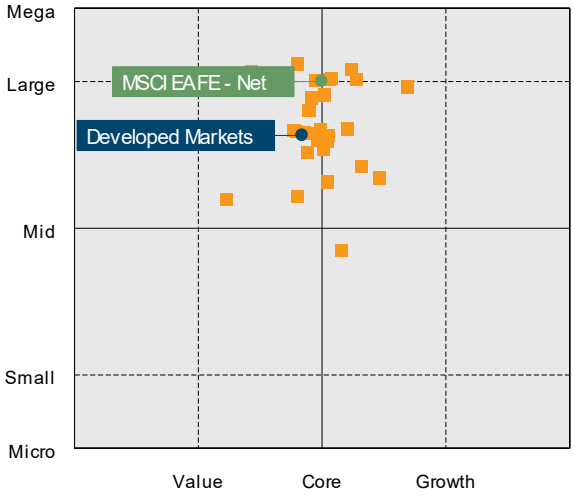
Developed Markets Portfolio vs. Non-US Dev Core Database

Periods ended June 30, 2026

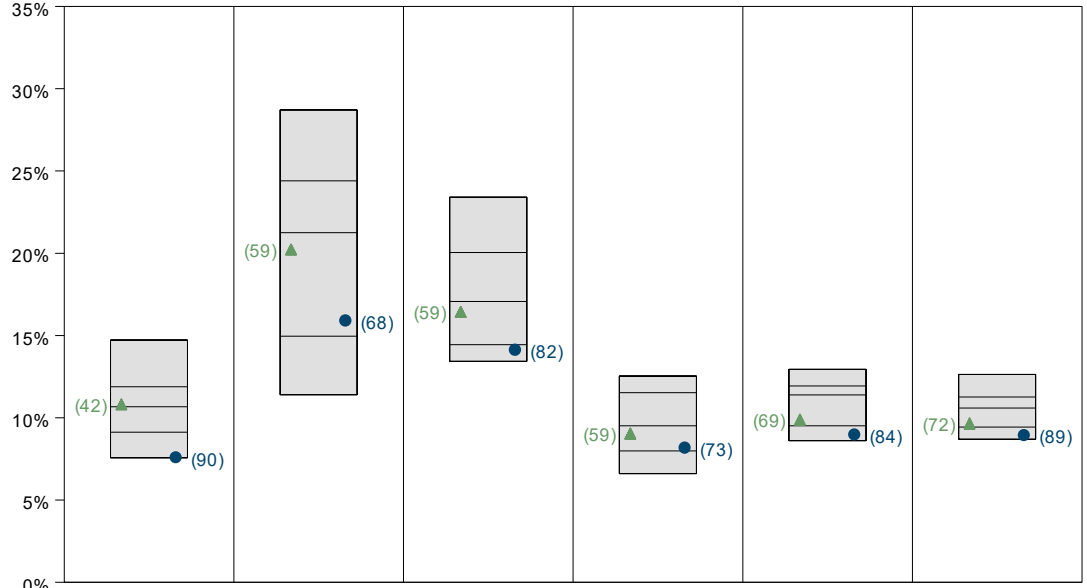
Manager Structure: 85% Active



Style Map vs Callan NonUS Dev Core Eq
Holdings as of June 30, 2026



Performance vs Callan Non-US Developed Core Equity (Gross)

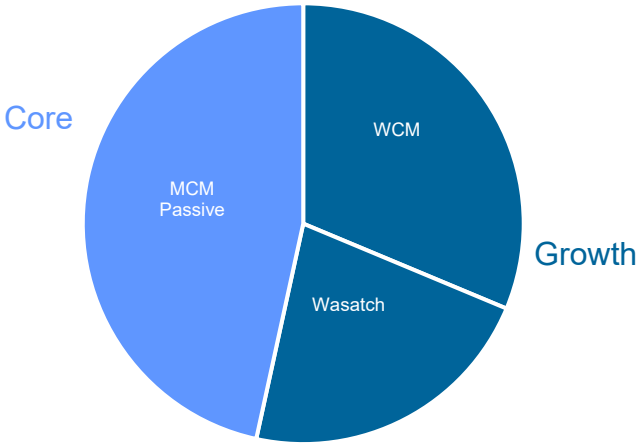


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	14.72	28.70	23.41	12.54	12.95	12.64
25th Percentile	11.88	24.39	20.04	11.53	11.93	11.27
Median	10.66	21.25	17.07	9.51	11.39	10.58
75th Percentile	9.12	14.96	14.44	7.99	9.50	9.43
90th Percentile	7.57	11.39	13.43	6.60	8.61	8.70
Developed Markets ●	7.54	15.86	14.08	8.13	8.93	8.89
MSCI EAFE - Net ▲	10.82	20.23	16.44	9.05	9.90	9.66

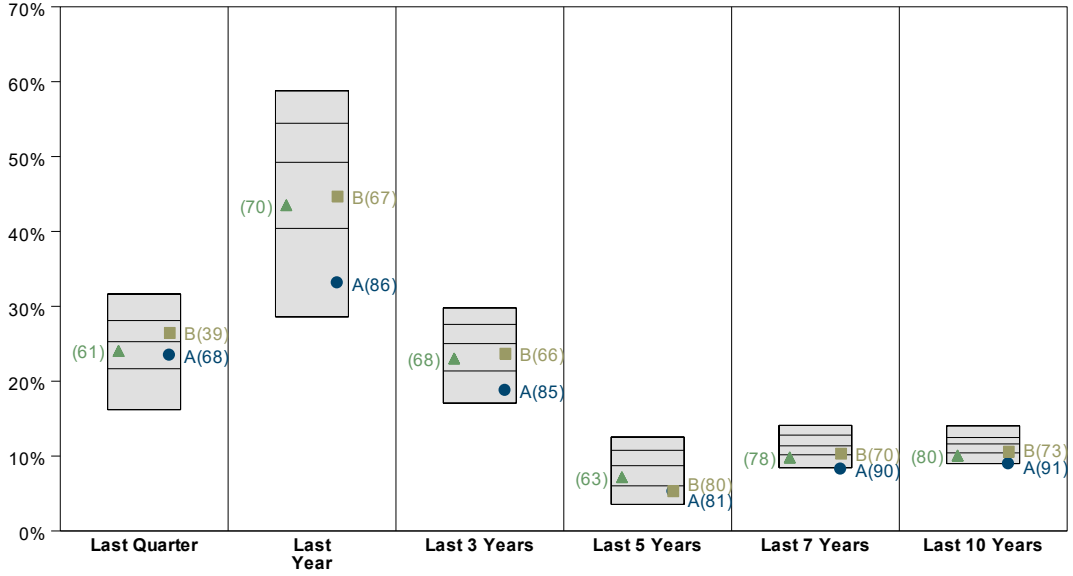
Emerging Markets Portfolio vs. Emerging Broad Database

Periods ended June 30, 2026

Manager Structure: 53% Active

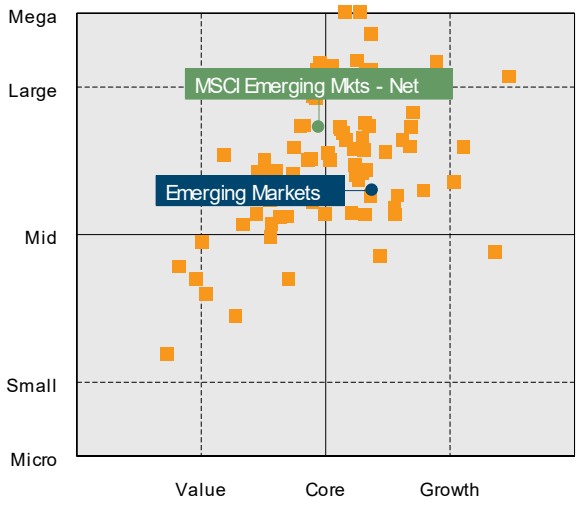


Performance vs Callan Emerging Broad (Gross)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	31.64	58.78	29.78	12.54	14.11	14.05
25th Percentile	28.09	54.45	27.58	10.78	12.80	12.48
Median	25.29	49.22	25.02	8.73	11.39	11.64
75th Percentile	21.68	40.40	21.37	6.04	10.19	10.43
90th Percentile	16.21	28.61	17.07	3.55	8.44	9.01
Emerging Markets (A)	23.44	33.09	18.74	5.23	8.22	8.94
MSCI EM Growth (B)	26.45	44.66	23.66	5.32	10.33	10.60
MSCI Emerging Mkts - Net	24.05	43.51	23.03	7.20	9.82	10.08

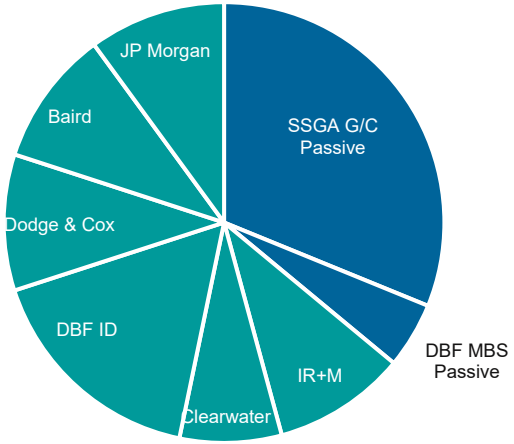
Style Map vs Callan Emerging Broad Holdings as of June 30, 2026



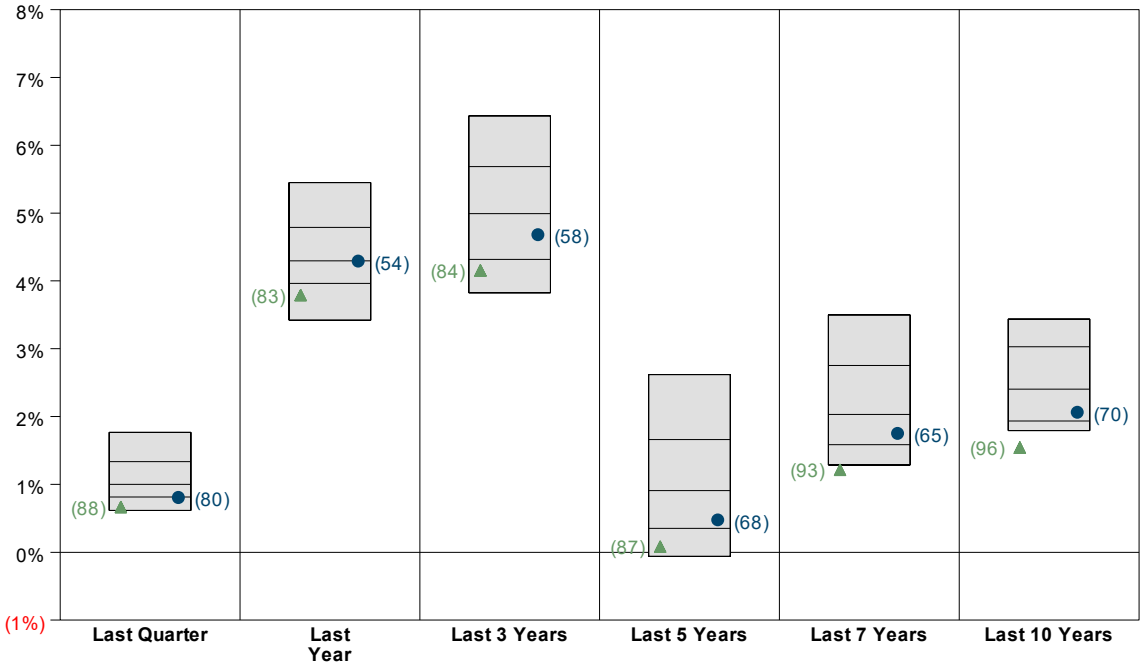
US Fixed Income Portfolio vs. Public Plan Fixed Income Database

Periods ended June 30, 2026

Manager Structure: 64% Active

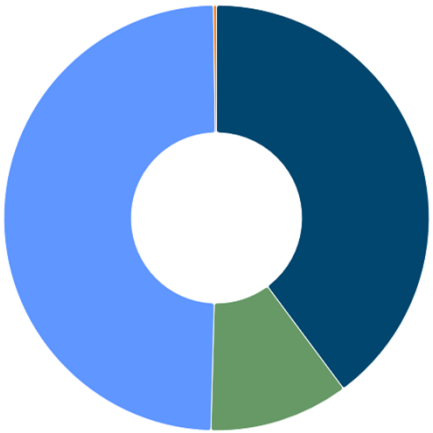


Performance vs Pub Pln- Dom Fixed



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	1.77	5.45	6.43	2.62	3.50	3.44
25th Percentile	1.34	4.79	5.69	1.66	2.75	3.03
Median	1.00	4.30	4.99	0.91	2.03	2.40
75th Percentile	0.81	3.96	4.32	0.35	1.58	1.93
90th Percentile	0.62	3.42	3.82	(0.06)	1.29	1.79
US Fixed Income ●	0.79	4.28	4.67	0.46	1.74	2.05
Blmbg:Aggregate ▲	0.67	3.79	4.16	0.08	1.22	1.54

PERSI Sick Leave Asset Allocation as of June 30, 2026



Asset Class	Assets	Actual Weight	Benchmark	Difference
Russell 3000 Fund [1]	$325,170,940	39.82%	39.36%	-0.46%
MSCI ACWI ex US Fund[2]	$86,597,944	10.60%	10.64%	0.04%
Govt/Credit Bond Fund	$403,019,061	49.35%	50.00%	0.65%
Treasurer's Office Cash	$1,851,640	0.23%	-	-0.23%
Total Sick Leave Funds	$816,639,586	100.00%	100.00%	-

* Historical targets:
- Through Nov 2007: 100% Russell 3000
- From Dec 2007 through Aug 2011: 67% Russell 3000 + 33% Bloomberg Gov/Credit.
- From Sep 2011 through Oct 2020: 55% Russell 3000 + 15% MSCI ACWI ex US + 30% Bloomberg Gov/Credit
- Current policy is 50% Equity/50% Fixed Income

1. Since Inception starting 3/31/2003
2. Since Inception starting 9/30/2011

PERSI Sick Leave Total Asset Distribution as of June 30, 2026

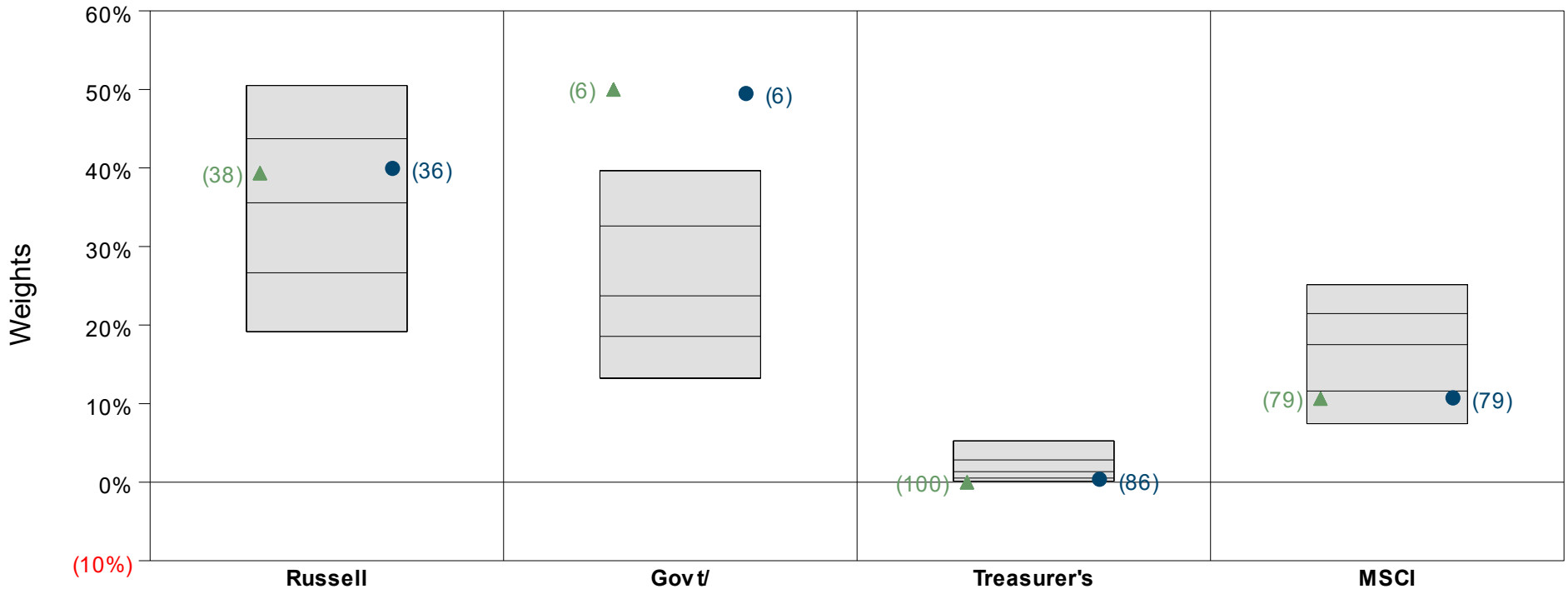
Portfolio	Ending Assets Jun 30, 2026	Weight	Net Cash Activity	Investment Gain/Loss	Beginning Assets Mar 31, 2026	Weight
Russell 3000 Fund [1]	**$325,170,940**	**39.82%**	**-$11,205,000**	**$44,713,412**	**$291,662,529**	**38.20%**
MSCI ACWI ex US Fund[2]	**$86,597,944**	**10.60%**	**-$3,980,000**	**$10,885,883**	**$79,692,062**	**10.44%**
MSCI EAFE Fund	$50,574,426	6.19%	-$2,618,000	$5,218,104	$47,974,323	6.28%
MSCI Canadian Fund	$6,987,879	0.86%	-$238,000	$418,478	$6,807,402	0.89%
MSCI Emg Mkts Fund	$29,035,639	3.56%	-$1,124,000	$5,249,302	$24,910,337	3.26%
Govt/Credit Bond Fund	**$403,019,061**	**49.35%**	**$10,000,000**	**$2,804,832**	**$390,214,229**	**51.11%**
Treasurer's Office Cash	**$1,851,640**	**0.23%**	**-$122,288**	**$6,154**	**$1,967,773**	**0.26%**
Total Sick Leave Funds	**$816,639,586**	**100.00%**	**-$5,307,288**	**$58,410,281**	**$763,536,593**	**100.00%**

1. Since Inception starting 3/31/2003
2. Since Inception starting 9/30/2011

PERSI Sick Leave Funds Asset Allocation vs Other Public Funds

Periods ended June 30, 2026

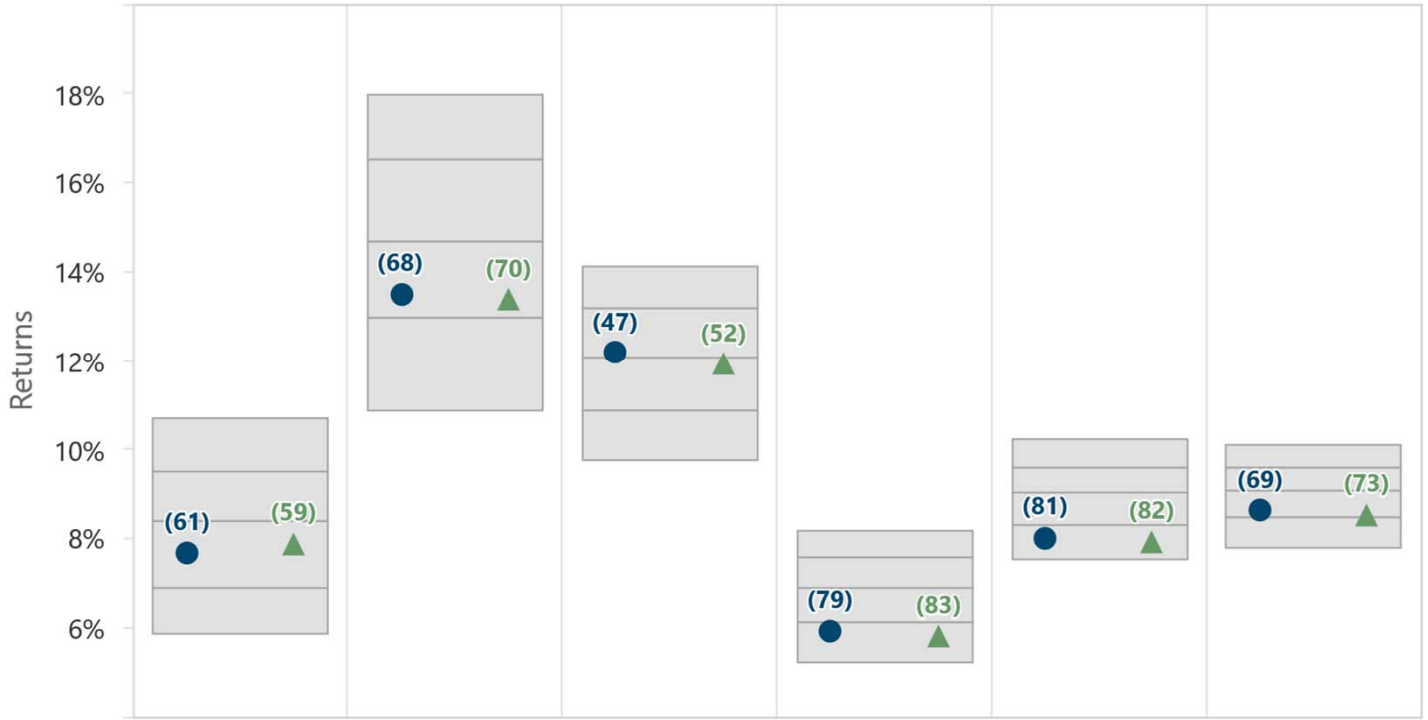
Asset Class Weights vs Callan Public Fund Sponsor Database



	Russell 3000 Fund	Govt/ Credit Bond Fund	Treasurer's Office Cash	MSCI ACWI ex US Fund
10th Percentile	50.49	39.64	5.26	25.14
25th Percentile	43.73	32.61	2.83	21.47
Median	35.58	23.72	1.34	17.51
75th Percentile	26.64	18.55	0.53	11.61
90th Percentile	19.16	13.23	0.13	7.46
Fund ●	39.82	49.35	0.23	10.60
Target ▲	39.36	50.00	0.00	10.64

Performance* Comparison - Trailing Time Periods as of June 30, 2026

Performance vs Callan Public Fund Spr DB



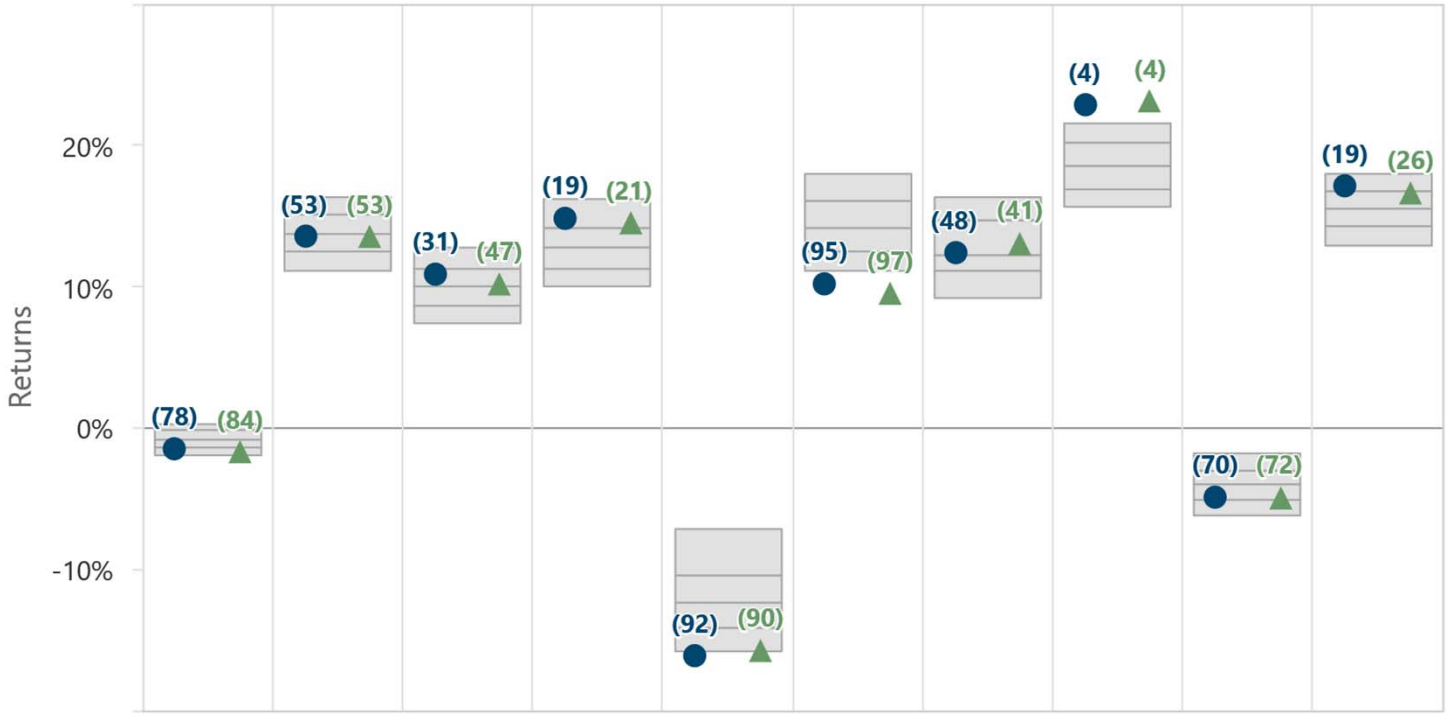
	1 Quarter	1 Year	3 Years	5 Years	7 Years	10 Years
10th Percentile	10.68	17.99	14.11	8.19	10.21	10.08
25th Percentile	9.49	16.52	13.17	7.56	9.57	9.60
Median	8.37	14.65	12.08	6.90	9.04	9.08
75th Percentile	6.87	12.98	10.89	6.11	8.30	8.48
90th Percentile	5.87	10.87	9.74	5.21	7.55	7.77
Total Sick Leave Funds ●	7.67	13.49	12.19	5.92	8.00	8.64
Long Term Target ▲	7.87	13.38	11.93	5.81	7.92	8.52

* Total Sick Leave Funds Returns are Gross of Fees

Current Quarter Target (effective Nov 2020) = 50.0% Blmbg Gov/Credit, 39.4% Russell 3000 Index, 10.6% MSCI ACWI xUS (Net) and 0.0% 3-month Treasury Bill.

Performance* Comparison - Calendar Years as of June 30, 2026

Performance vs Callan Public Fund Spr DB



	YTD 2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
10th Percentile	0.28	16.31	12.73	16.26	-7.09	18.00	16.30	21.51	-1.83	17.92
25th Percentile	-0.18	15.15	11.30	14.20	-10.50	16.12	14.63	20.18	-2.97	16.73
Median	-0.85	13.66	10.05	12.77	-12.36	14.07	12.24	18.51	-4.05	15.52
75th Percentile	-1.42	12.54	8.70	11.27	-14.19	12.55	11.05	16.85	-5.10	14.27
90th Percentile	-1.98	11.13	7.36	10.05	-15.80	11.05	9.17	15.70	-6.16	12.87
Total Sick Leave Funds ●	-1.48	13.57	10.88	14.83	-16.12	10.20	12.40	22.87	-4.90	17.14
Long Term Target ▲	-1.68	13.55	10.19	14.52	-15.75	9.53	13.04	23.15	-4.96	16.63

* Total Sick Leave Funds Returns are Gross of Fees

Current Quarter Target (effective Nov 2020) = 50.0% Blmbg Gov/Credit, 39.4% Russell 3000 Index, 10.6% MSCI ACWI xUS (Net) and 0.0% 3-month Treasury Bill.

PERSI Sick Leave Funds Performance Attribution*

2nd Quarter 2026

Relative Attribution Effects for Quarter ended June 30, 2026

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Russell 3000 Fund	40%	39%	15.43%	15.44%	(0.01%)	(0.05%)	(0.06%)
MSCI ACWI ex US Fund	11%	11%	13.70%	14.49%	(0.08%)	(0.01%)	(0.09%)
Govt/Credit Bond Fund	50%	50%	0.71%	0.70%	0.01%	(0.04%)	(0.04%)
Treasurer's Office Cash	0%	0%	0.93%	0.93%	0.00%	(0.02%)	(0.02%)
Total			**7.67%**	**= 7.87%**	**+ (0.08%)**	**+ (0.12%)**	**(0.20%)**

- Sick Leave Funds underperformed the Target during the quarter by 20 bps.
- Passive funds underperformed their benchmarks by 8 bps.
- Variations from target weights detracted 12 bps.

* Returns are Gross of Fees

PERSI Sick Leave Funds Performance Attribution*

14 years and One-Half Year since December 2011

Fourteen and Three-Quarter Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Russell 3000 Fund	51%	49%	15.46%	15.44%	0.01%	0.07%	0.08%
MSCI ACWI ex US Fund	13%	13%	8.58%	8.28%	0.04%	(0.01%)	0.03%
Govt/Credit Bond Fund	36%	38%	2.20%	2.15%	0.02%	0.01%	0.04%
Treasurer's Office Cash	0%	0%	1.50%	1.50%	0.00%	(0.01%)	(0.01%)
Total			**9.37%**	**= 9.22%**	**+ 0.08%**	**+ 0.07%**	**0.15%**

- Sick Leave Funds earned a return of 9.37%, which exceeded the target return of 9.22% by approximately 15 bps.
- Passive funds slightly outperformed, contributing 8 bps of value-added, while rebalancing added another 7 bps.

* Returns are Gross of Fees

Callan Update

Published Research Highlights: 2Q26

Research Café: Portfolio Options for Nonprofits



Webinar: How the Pension Worm Has Turned: From Deficit to Surplus



Research Café: Blockchain Technology



New Feature: Callan EconIndicators



Recent Blog Posts

Big Changes After the 2026 Russell Reconstitution

Nicole Wubbena

The Evolution of the Repurchase Agreement Market: Traditional vs. Tokenized Repo

Bo Abesamis III

Mega-IPOs Are Changing Index Rules: Will Your 401(k) Feel It?

David Wang

Additional Reading

Active vs. Passive quarterly charts
Capital Markets Review quarterly newsletter
Monthly Updates to the Periodic Table
Market Pulse Flipbook quarterly markets update
Market Intelligence (clients-only)
Real Estate Indicators market outlook

Callan Institute Events

Upcoming conferences, workshops, and webinars

2027 National Conference

Our annual conference, which will take place on April 4-6, 2027, will feature a diverse speaker line-up covering topics including geopolitics, the economy/capital markets, and other educational areas. There will also be Callan-led workshops and a Market Intel "Live" session led by senior Callan consultants and research specialists.

Stay tuned for invitations for this event in early 2027!



Mark Your Calendar

2026 Regional Workshops
October 20, 2026 – Atlanta
October 22, 2026 – San Francisco

2026 Virtual "Callan College" for Institutional Investors
September 22-23, 2026 – Virtual

Watch your email for further details and an invitation.

Upcoming Webinars

August 25, 2026
Research Café: Affordable Housing

October 23, 2026
3Q Market Intel Webinar

Introducing Callan On-Demand Education (CODE)

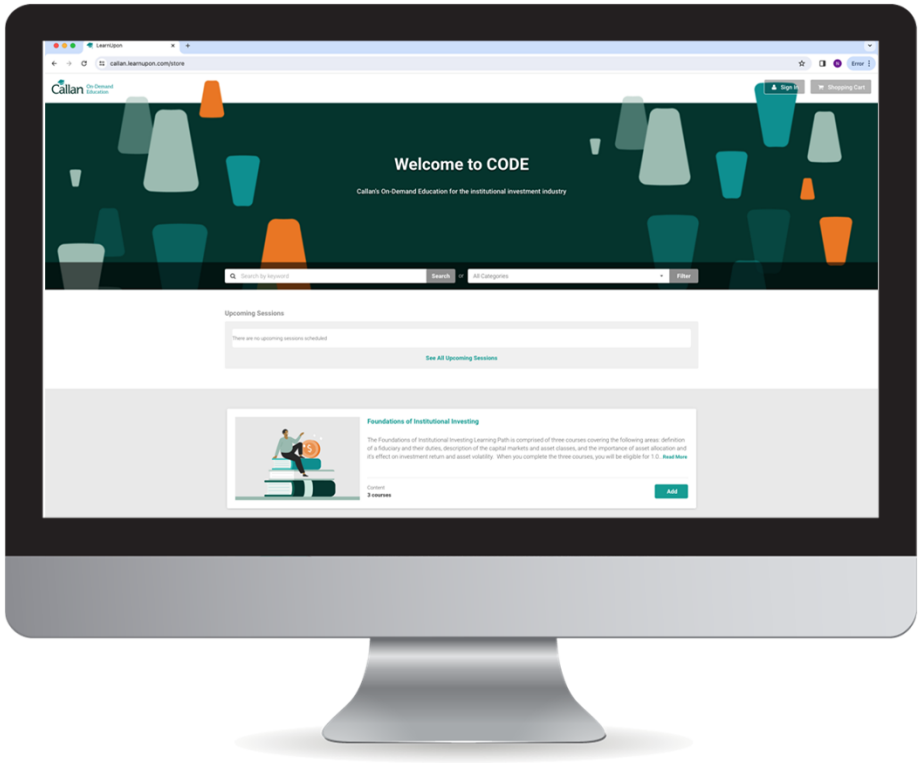
Callan On-Demand Education

- Variety of educational courses
- Interactive and engaging
- Self-guided modules
- Eligible for continuing education credits
- Learning at your own pace

CODE courses are designed for investment professionals of all levels—and they're self-guided. Access them anytime, from anywhere, and get continuing education credits for each completed course.

CODE is for you, your colleagues, your new hires, and your interns. It's for anyone interested in learning about institutional investing.

callan.learnupon.com



3 Reasons to Take CODE Courses

1. Become a better fiduciary
2. Showcase your skills and knowledge
3. Learn from Callan's investment experts

Callan Updates

Firm updates by the numbers, as of June 30, 2026

Total Associates: ~200

Company Ownership:

- 100% employee ownership
- ~70% of employees are equity owners
- No outside ownership interests allow us to stay 100% focused on our core business: consulting

Total Investment Consultants: 50+

Total Specialty and Research Consultants: 65+

Total CFA/CAIA/FRMs: 60+

Total Institutional Investor Client Funds: 475+

Provides advisory services to institutional investor/asset owner clients with more than $4+ trillion

"Callan's AI philosophy is simple: encourage broad experimentation, let people use AI wherever it appears useful, see what actually improves our work, and then take the best recurring use cases and build them into enterprise tools, workflows, or agents… AI is not replacing investment judgment, legal judgment, or client judgment."

— Greg Allen, CEO & Chief Research Officer in his recent blog post, *How Callan Is—and Is Not—Using AI Tools*



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Past performance is no guarantee of future results.

About Callan

Callan was founded as an employee-owned investment consulting firm in 1973. Ever since, we have empowered institutional investor with creative, customized investment solutions backed by proprietary research, exclusive data, and ongoing education. Today, Callan provides advisory services to institutional investor clients with more than $3 trillion in total assets, which makes it among the largest independently owned investment consulting firms in the U.S. Callan uses a client-focused consulting model to serve pension and defined contribution plan sponsors, endowments, foundations, independent investment advisers, investment managers, and other asset owners. Callan has six offices throughout the U.S. For more information, please visit www.callan.com.

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San Francisco, CA 94104

www.callan.com

Regional Offices

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Chicago
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Callan

FY 28-30 Long-Range Plan

First Reading

PERSI Retirement Board Meeting | November 2, 2026

MOSAIC
Governance Advisors

Agenda

- Process Recap
- Document Review & Discussion
- Next Steps

MOSAIC Governance Advisors

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Process Recap

MOSAIC
Governance Advisors

Long-Range Plan Refresh Process

1

January – April

- Close-out discussion of FY 21-23 Long-Range Plan
- Initiate long-range planning process
- Conduct stakeholder research
- Analyze sentiment and summarize results

2

April – June

- Facilitate Senior Staff strategic planning and visioning sessions (April 30 & June 15)
- Facilitate Board strategic visioning session (June Education Offsite)

3

July – December

- Draft Long-Range Plan
- Collaborate with Senior Staff on the draft
- **Present draft to Board for first reading (November)**
- Present final draft to Board for approval (December)

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What We've Done Since June

- Used Board discussion input to draft the Long-Range Plan
- Gathered and incorporated feedback from PERSI Senior Staff

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Document Review & Discussion

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About the Document: PERSI's 3-Year Long-Range Plan

- Strategic Priorities and Goal Statements
- Long-Term Aspirations and Progress Indicators
- Objectives
- Key Results

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Key Changes Since June

Considered mission statement revision

Current Mission Statement

PERSI administers, as provided by the Legislature as plan sponsor, retirement related benefits, education, and services to Idaho’s public employees.

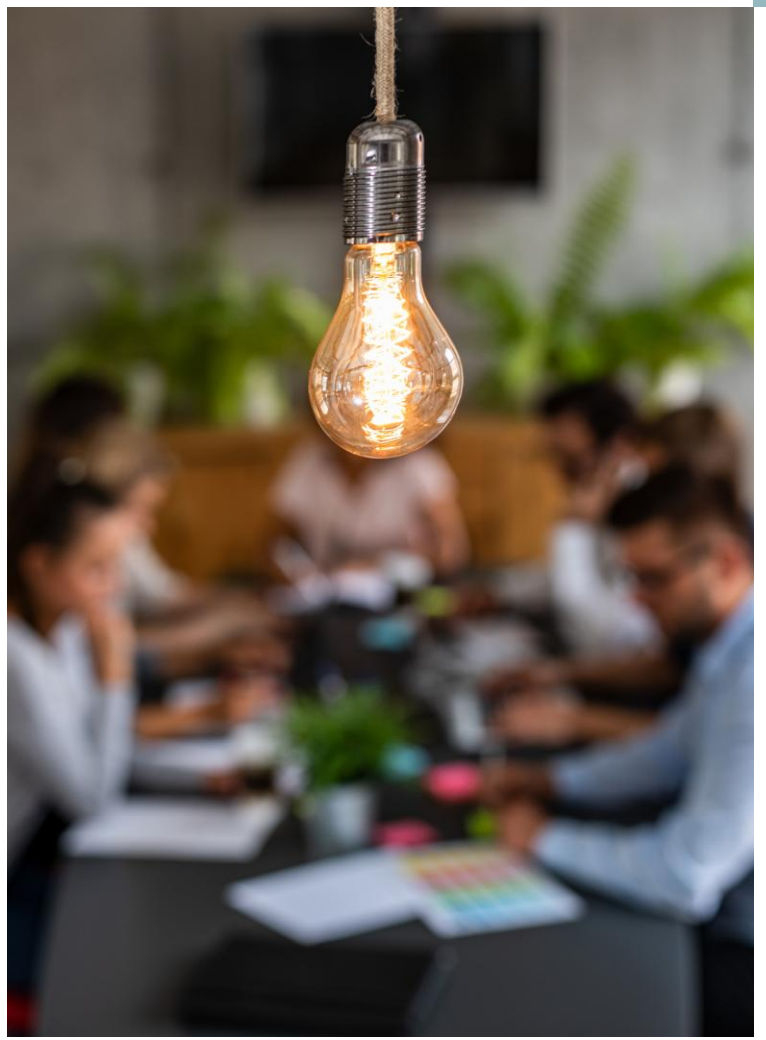
Proposed Mission Statement

PERSI helps Idaho's public employees achieve a dignified retirement through reliable benefits, trusted information, and responsive service.

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Discussion

- Does the overall direction align with your vision for PERSI?
- Is the plan appropriately ambitious and realistic?
- Is anything unclear or missing?



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Next Steps

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Long-Range Plan Refresh Process

1

January – April

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2

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3

July – December

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- **Present final draft to Board for approval (December)**

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Thank You

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Appendix

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Mosaic's Strategic Performance Management Framework

Long-Range Plan	 **Long-Term Direction & Strategy**	**Vision**	What do we want to become?
		Mission	Who are we and why do we exist?
		Core Values	What principles shape our culture & guide our stakeholder interactions?
		Goals	What are our strategic priorities to realize our vision?
		Aspirations	What will success look like when we achieve our strategic priority?
		Objectives	What do we need to do to achieve our priorities?
		Key Results	How will we measure success?
Annual Business Plan	 **Implementation**	**Initiatives**	What actions and projects are needed to accomplish the objectives?
		Measures & Targets	How will we measure progress?
			When are the deadlines?
Annual Accomplishments Report	 **Accountability**	**Performance Management**	How successful have we been?
			How will results be communicated to our stakeholders?

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FY 21-23 Long-Range Plan Close-Out

Goal	Objective	Status
Financial	A – recommend adjustments to PERSI Plans	
	B – educate, inform, and engage key stakeholders and constituents	
	C – acquire industry data analytic tools	
Customer	A – assess and enhance education, services, and training	
	B – engage new members at the start of their careers	
Internal Staff	A – identify succession strategies and career advancement	
	B – interdepartmental communication and engagement	
Technology	A – update tech modernization and innovation plan	
	B – adapt customer service and communications	

Completed or operationalized

Continued area of focus

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Retirement Preparedness & Awareness

Several Measures & Targets in the FY 21-23 Long-Range Plan required a comparison of 2020 and 2026 active member survey results

Measure	2020 versus 2026
Awareness of the Defined Benefit Pension Plan	*No significant change*
Awareness of other PERSI benefits (e.g., Choice 401(k) plan)	*No significant change*
Awareness of the DB plan's role in overall retirement savings	*Decrease*
Awareness of income replacement goals	*No significant change*
Preparedness for retirement	*No significant change*
Quality of information provided by employers to new employees	*No significant change*

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Stakeholder Research: Key Takeaways



General angst about external environment contributes to a trust gap & identity confusion



Systemic & external challenges drive additional reliance on portfolio performance



Staff want to do more for members & employers but face resource constraints

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Prioritized S.W.O.T. Analysis: PERSI Senior Staff's Collective View

Strengths • Stability and reliability of the fund • Tenured, experienced leadership • Internal culture of openness and flexibility • Efficient staff of problem solvers • Responsive customer service	**Weaknesses** • Staff turnover and documentation of institutional knowledge • Gaps in internal education and training • Level of interdepartmental collaboration • Limited budget authority • External communications, education, and training
Opportunities • Technology advancement, including AI and pension administration system modernization • System advocates and engaged member groups willing to engage with PERSI • Partner and vendor support in distributing training content	**Threats** • Policy changes and pressures • Uncertainty and shifts in the macro environment (e.g., inflation, geopolitical conflict, changes to Social Security) • Potential reputational harm from misinformation and outside groups • Cybersecurity and data security concerns

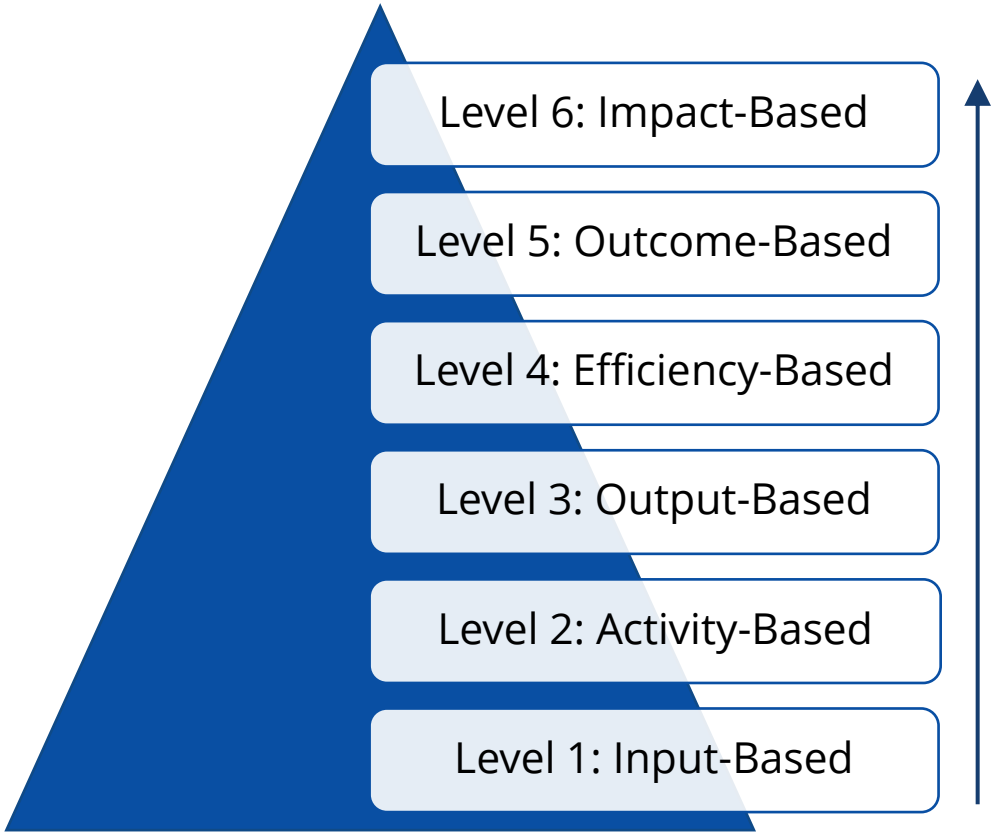
Internal Factors

External Factors

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Begin With Simple Metrics – Advance to Impact as Process Matures



Increase retirement confidence by 15% over 5 years.

Achieve 85% customer satisfaction in post-service surveys.

Reduce new staff onboarding time by 20%.

Train 100 employees on new member portal.

Launch 3 new customer service training modules by {date}.

Allocate $100,000 to digital transformation initiative.

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Public Employee Retirement System of Idaho

Long-Range Plan

FY 2028 – FY 2030
(July 1, 2027 – June 30, 2030)

Adopted: TBD

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Table of Contents

- PERSI's Vision, Mission & Core Values
- Introduction
- Our Strategic Priorities
    - A Sustainable Fund
    - A Trusted Resource
    - A Resilient Organization
- Glossary

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VISION

To be a trusted expert in helping Idaho's public employees build and receive a secure and meaningful retirement benefit.

MISSION

PERSI helps Idaho's public employees achieve a dignified retirement through reliable benefits, trusted information, and responsive service.

CORE VALUES

The values of Commitment, Character, and Competence are core to PERSI's culture and are deeply embedded throughout the organization's practices.

COMMITMENT

At PERSI, our COMMITMENT is recognized through the following traits:

- High Quality Work
- Customer Focus
- Resourcefulness
- Ethical and High-Integrity Operations
- Future-Forward Thinking
- Learning and Growth Mindset

CHARACTER

At PERSI, we demonstrate our CHARACTER by being:

- Professional
- Respectful
- Effective Communicators
- Active Listeners
- Ethical
- Trustworthy
- Responsible

COMPETENCE

Our COMPETENCE distinguishes PERSI. We are known for our:

- Extraordinary Proficiency

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- Self-Awareness
- Role Clarity
- Accuracy
- Timeliness

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Introduction

Dear PERSI Members, Participating Employers, and Partners,

For more than six decades, the Public Employee Retirement System of Idaho (PERSI) has played an important role in supporting the retirement security of Idaho's public employees. Today, PERSI provides retirement-related benefits, education, and services to nearly 200,000 members and beneficiaries while serving as a valued partner to nearly one thousand public employers throughout the state.

As responsible stewards, we are committed to preserving the strengths that have guided PERSI's success while thoughtfully preparing for the opportunities and challenges that lie ahead. This Long-Range Plan positions us to continue delivering on our mission by building on a foundation of prudent stewardship, sound governance, excellent service, and a strong organizational culture.

The development of this Long-Range Plan was guided by extensive research and engagement conducted throughout 2026. We sought input from a broad range of audiences, including PERSI’s active members, retirees, beneficiaries, participating employers, trustees, board consultants, and staff. Through surveys, facilitated discussions, and engagement with key stakeholder and constituent groups, we explored PERSI's strengths, opportunities, and priorities for the future. The result is a plan that reflects both the perspectives of those we serve and the collective insights of those responsible for carrying out PERSI's mission.

What we heard was clear: PERSI’s benefits are highly valued by members and employers alike. Stakeholders appreciate PERSI's discipline, expertise, and commitment to service. They also expect PERSI to continue evolving to meet changing needs while preserving stability and trust. In response, this Long-Range Plan focuses on three strategic priorities that will ensure PERSI remains:

- **A Sustainable Fund**
- **A Trusted Resource**
- **A Resilient Organization**

Together, these priorities establish a clear direction for the next three fiscal years while building the foundation for the System’s long-term success.

While we remain focused on delivering measurable progress over the next three years, we also recognize that some of our most important aspirations will require sustained effort over multiple planning cycles. This plan lays the groundwork for PERSI’s success over the coming decade with a focus on building new organizational capabilities, frameworks, processes, and practices that enable continued progress.

We are proud of what PERSI has accomplished over the past sixty years, and we are equally excited about what lies ahead. By building on our strengths and remaining committed to continuous improvement, we believe PERSI is well positioned to continue serving Idaho's public employees, retirees, beneficiaries, employers, and communities for decades to come.

Jeff Cilek

Board Chair

Mike Hampton

Executive Director

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Our Strategic Priorities

Our strategy is centered on three defining characteristics:

- A Sustainable Fund
- A Trusted Resource
- A Resilient Organization

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Strategic Priority 1: A Sustainable Fund

Goal: PERSI supports fund sustainability through disciplined funding practices, prudent risk management, and clear policy frameworks that create resilience across economic cycles.

Long-Term Aspirations	Progress Indicators
PERSI demonstrates disciplined fund management.	• Prudent funding practices and a sound investment policy • Routine analysis of key risks • Investment performance that meets or exceeds benchmarks • Consistent application of funding policies and decision frameworks • Sustained Board understanding of and confidence in fund sustainability, investment strategy, and risk • Alignment of governance practices with recognized public pension standards
The Board has clear policy frameworks and decision-support tools for discretionary fund sustainability decisions.	
The Board's continued focus on long-term investment strategy, policy, and risk oversight is supported by reporting and analysis that provides insight into portfolio performance, emerging issues, and long-term trends that could affect fund sustainability.	
PERSI consistently exercises governance practices that lead to positive outcomes for the Fund and its members and beneficiaries.	

Objectives:

A. Institutionalize a fund sustainability decision framework to guide discretionary Board decisions.

B. Enhance Board governance through clearly defined roles and reporting practices.

C. Continue targeted Board education on fund sustainability, fiduciary responsibility, investment strategy, actuarial dynamics, and the long-term tradeoffs inherent to a defined benefit pension plan.

D. Strengthen PERSI's ability to evaluate and respond to emerging risks that could affect the long-term sustainability of the System.

Key Results

1. A review of PERSI's investment governance practices in comparison to institutional investment best practices is completed by 6/30/2028.
2. Board members report high levels of satisfaction with investment performance reporting, as measured through the annual board self-evaluation process.
3. Board members report confidence using governance policies, frameworks, and tools to make discretionary decisions, as measured through the annual board self-evaluation process.
4. An organization-wide risk framework is used to inform Board decision-making on System-related sustainability matters by 6/30/2029.

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Strategic Priority 2: A Trusted Resource

Goal. PERSI's services, educational resources, and engagement efforts help stakeholders understand the System, recognize its value, and make informed decisions.

Long-Term Aspirations	Progress Indicators
Stakeholders have a clear understanding of PERSI's role, value, and benefits.	• Improved stakeholder awareness and understanding of PERSI • Sustained stakeholder trust and satisfaction • Policymaker reliance on PERSI's expertise • Member and employer service experience aligned with their preferences • Improved member retirement readiness and confidence
PERSI is the first call for Idaho state policymakers needing expertise on defined benefit plans and public sector retirement benefits.	
Members and participating employers can easily access the information, tools, and services they need.	
Members are prepared for retirement and to navigate key retirement decisions with confidence.	

Objectives

A. Expand education and outreach efforts to raise the level of awareness and understanding about PERSI's benefit among key stakeholders.

B. Foster meaningful relationships and partnerships with System advocates.

C. Enhance the accessibility, usability, and effectiveness of member and employer services.

D. Strengthen retirement readiness and confidence throughout a member's career and retirement journey.

Key Results

1. Active members, retirees, and employers each report an overall satisfaction score of at least 4 out of 5 in the 2029 long-range planning surveys.
2. Active members report the following average awareness scores for PERSI's benefits in the 2029 long-range planning surveys:
    - At least 4.0 out of 5: Defined Benefit Pension Plan, Choice 401(k) Plan, and Survivor Benefits
    - At least 3.5 out of 5: Disability Benefits and Unused Sick Leave Benefits (school or state employees only)
3. Active members and retirees each report an average agreement score of at least 4 out of 5 with the statement "I feel confident my retirement is secure with PERSI" in the 2029 long-range planning surveys.
4. Employers report the following average levels of agreement with statements about PERSI's tools, resources, and training in the 2029 long-range planning surveys:
    - At least 4.0 out of 5: PERSI provides me the tools and resources I need to easily and effectively offer retirement benefits.
    - At least 3.7 out of 5: PERSI provides employers the right amount of training.
    - At least 3.6 out of 5: PERSI provides employers the right type of training.
5. A comprehensive stakeholder engagement and communications program, including mechanisms to track engagement activities, outcomes, and effectiveness, has been implemented by 6/30/2030.
6. By the 2030 legislative session, PERSI representatives are called on as trusted experts on all PERSI-related matters.
7. A mechanism to assess member retirement readiness and confidence has been implemented by 6/30/2030.

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Strategic Priority 3: A Resilient Organization

Goal. PERSI strengthens its organizational capacity, infrastructure, and adaptability to effectively deliver its mission today and into the future.

Long-Term Aspirations	Progress Indicators
PERSI has the talent, systems, culture, partnerships, and organizational capabilities needed to effectively deliver its mission and adapt to evolving organizational needs.	• Maintain pension administration cost per member • Organizational capacity and resources aligned with projected growth and strategic needs • Effective execution of the board's investment strategy • Improved operational efficiency and service capacity • Sustained employee engagement and mission alignment • Reduced key person and institutional knowledge risk
Organizational planning proactively addresses future growth in staffing, technology, member services, and physical infrastructure.	
PERSI's investment office structure, advisor model, and internal capabilities evolve to support the portfolio's growth, complexity, and long-term return needs.	
Technology and process improvements enable greater efficiency, scalability, and service capacity within a resource-constrained environment.	
PERSI operates as a cohesive organization with strong alignment across teams, functions, and leadership.	

Objectives:

A. Prepare for PERSI's long-term evolution through proactive capacity, infrastructure, and resource planning.

B. Strengthen organizational planning and resource allocation practices.

C. Ensure PERSI's investment operating model remains aligned with the fund's growth, complexity, and long-term investment needs.

D. Strengthen organizational alignment and capabilities through talent development, cross-functional collaboration, and knowledge sharing.

E. Leverage technology to improve organizational effectiveness and efficiency.

Key Results

1. A 10-year organizational growth plan that addresses staffing, technology, facilities, investment operations, service delivery, and organizational capacity needs has been adopted by the board by 6/30/2028.
2. Board- and staff-level governance structures for the responsible use of artificial intelligence have been established by 6/30/2028.
3. An internal employee engagement survey has been implemented by 6/30/2028.
4. PERSI has established a long-term resource planning process that aligns annual budget requests with projected organizational growth and strategic priorities by 6/30/2029.
5. A measure of digital reach has been established by 6/30/2029.
6. PERSI has met at least 75% of the milestones on its long-term technology modernization roadmap by 6/30/2030.
7. PERSI staff's perception of how well PERSI delivers on its mission is maintained (+/- 5%) between the 2026 and 2029 long-range planning surveys.

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{Placeholder for One-Page View of Strategic Priorities, Objectives, and Key Results}

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Glossary of Key Terms

CORE VALUES: The principles that shape our culture and guide our interactions, both internally and externally.

KEY RESULTS: Key results will be used to determine progress over the next three fiscal years. Key results are intended to be shorter-term results that support progress toward the long-term success indicators aligned to our aspirations.

LONG-RANGE PLANNING SURVEYS: As part of developing this Long-Range Plan, PERSI partnered with an independent strategic planning consultant to conduct stakeholder research. Conducting this type of research is best practice for long-range, strategic planning efforts, and it should be consistently conducted each time the plan is updated.

LONG-TERM ASPIRATIONS: How we will define success over the next 10 years.

PROGRESS INDICATORS: Measures used to determine whether PERSI is making sustained progress toward its long-term aspirations. Some measures will be developed and baselined during this planning period with improvement expected over subsequent planning cycles. These indicators should be viewed collectively rather than as measures of individual aspirations.

MEMBERS: This document uses the intentionally broad term “members” to encompass all types of PERSI members. It includes those who work for a participating employer today (active members), our retirees and their beneficiaries, and those who previously worked for a participating employer and still maintain their accounts (inactive members) with PERSI.

MISSION: A statement about who we are and why we exist.

PARTICIPATING EMPLOYERS: As the only public, defined benefit pension plan in the state of Idaho, PERSI serves 900+ employers. For the most up-to-date list of all participating employers, please visit https://www.persi.idaho.gov/employers-1/employer-list/.

VISION: A statement that identifies what we want to become and what future we aspire to create.

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{Placeholder for Back Cover}

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PERSI
www.persi.idaho.gov

Meeting of the PERSI Retirement Board
November 2, 2026 | 8:30 A.M. - 1:00 P.M.
PERSI Office - 607 N. 8th St. Boise, ID 83702

AGENDA

Monday, November 2

8:30 AM		Call to Order | Welcome	Jeff Cilek
8:35 AM	*I.	Consent Agenda	Jeff Cilek
		A. August 4, 2026 Minutes	
		B. Investment Report	
		C. Deputy Director Report	
		D. Annual Audit Report	
		E. Financial Reports and Quarterly Financial Statements	
		F. Interest Rates	
8:40 AM	II.	Board Action Items	
	*	A. Investment Policy - Base Plan & Sick Leave Plan	Richelle Sugiyama
	*	B. Adopt Actuarial Valuations	Ryan Cook, Ryan Falls
	*	C. Contribution Rate Setting	Mike Hampton
9:30 AM		Break	
9:40 AM		D. Choice Plan Annual Review	
	*	1. Plan Document	Diane Kaiser
		2. Callan Performance Review/Trend	Ann O'Bradovich
		3. Record Keeper Update	Empower
10:30 AM	III.	Board Information Items (to support potential future Board decisions)	
		A. Upcoming Postretirement Adjustment Allowance	Mike Hampton
10:35 AM		Break	
10:45 AM	IV.	Board Consultant and Staff Reports	
		A. Callan Quarterly Report	Ann O'Bradovich
		B. Long Range Plan First Draft	Amy McDuffie
11:35 AM	V.	Unfinished Board Business & Board Announcements	Jeff Cilek / Mike Hampton
11:40 AM		Break	
11:50 AM	**	Executive Session - Idaho Code § 74-206 (1)(a)(b)(f)*	Jeff Cilek
1:00 PM		Adjournment	

YOUTUBE: https://www.youtube.com/@PERSIMedia/UCx0VObZz9EuL32i7L-zko7Q/live
Please click on the link, after click on the logo or the live stream right below

Future Board Meetings:
December 8